BANK OF SIERRA LEONE

MONETARY POLICY REPORT

SEPTEMBER 2025

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ACRONYMS

AE	Advanced Economies
BOP	Balance of Payments
BSL	Bank of Sierra Leone
CAR	Capital Adequacy Ratio
CFC	Customers Foreign Currency
CIEA	Composite Index of Economic Activities
CPI	Consumer Price Index
CRR	Cash Reserve Requirement
dmt	Dry Metric Tons
ECB	European Central Bank
ECF	Extended Credit Facility
ECOWAS	Economic Community of West African States
EMDEs	Emerging Market and Developing Economies
FSIs	Financial Soundness Indicators
FX	Foreign Exchange
GDP	Gross Domestic Product
GoSL	Government of Sierra Leone
GST	Goods and Services Tax
IMF	International Monetary Fund
M2	Broad Money
MoF	Ministry of Finance
MPC	Monetary Policy Committee
MPR	Monetary Policy Rate
NDA	Net Domestic Assets
NEER	Nominal Effective Exchange Rate
NFA	Net Foreign Assets
NPLs	Non-Performing Loans
ODCs	Other Depository Corporations
OECD	Organization for Economic Co-operation and Development
OIN	Other Items Net
OMO	Open Market Operations
OPEC	Organization of the Petroleum Exporting Countries
Q1	First Quarter
Q2	Second Quarter
Q3	Third Quarter
Q4	Fourth Quarter
QM	Quasi Money
REER	Real Effective Exchange Rate
RM	Reserve Money
ROA	Return on Assets
ROE	Return on Equity
SDF	Standing Deposit Facility
SLF	Standing Lending Facility
Stats SL	Statistics Sierra Leone
T-bills	Treasury Bills
WB	World Bank
WEO	World Economic Outlook
WTI	West Texas Intermediate

The Report

The September 2025 edition of the BSL Monetary Policy Report reviews global and domestic economic trends for the second quarter of 2025. It also looks at the latest developments in the third quarter of 2025, where relevant data is available, and discusses short- and medium-term forecasts to help guide the implementation of appropriate monetary policies that align with the Bank's objectives.

BSL Monetary Policy Objectives

The main goal of the BSL is to ensure and uphold price stability in the Sierra Leone economy. However, the Bank also has other significant objectives, such as maintaining the stability of the financial system, fostering the development of financial markets, and supporting the government's broader economic policies to promote overall macroeconomic stability.[1]

Monetary Policy Strategy

The Bank of Sierra Leone (BSL) serves as the only monetary authority in Sierra Leone, possessing the legal independence necessary to implement monetary policy within the nation. To meet its objectives, the Bank employs various policy tools, including the Monetary Policy Rate (MPR), Open Market Operations (OMOs), Standing Lending and Deposit Facilities, Foreign Exchange Operations, and Cash Reserves Requirement.

Monetary Policy Process

The Bank's monetary policy is crafted by the Monetary Policy Committee (MPC), which is made up of seven members as mandated by law. This committee includes the Bank's Governor, who acts as the chairperson, the Deputy Governor responsible for Monetary Stability, the Deputy Governor in charge of Financial Stability, and four other experts with relevant experience in monetary policy and financial markets. These experts are nominated by the Governor and must be approved by the Board of Directors of the BSL. The MPC convenes quarterly to evaluate recent global and domestic economic trends, as well as to consider short- to medium-term prospects and inflation risks. Based on these evaluations, the committee recommends for the approval of the Board of Directors, the appropriate Monetary Policy Stance. During the MPC meetings, each member presents their preferred MPR along with supporting reasons. The agreed position on the MPR is reached through a vote, with the chairperson casting the deciding vote in case of a tie. The MPR is then recommended to the Board for approval before it is published in a monetary policy statement on the Bank's website within forty-eight hours of the meeting. Additionally, the Governor and other authorized staff periodically engage with the public to explain the Bank's policy decisions and clarify emerging economic issues, particularly those related to monetary and exchange rate policies.

[1] *Section 5. (1) of the BSL Act 2019 states: "(b) the objective of the Bank shall be to achieve and maintain price stability. (c) the Bank shall contribute to fostering and maintaining a stable financial system. (d) the Bank shall support the general economic policy of the Government.*

EXECUTIVE SUMMARY

The July 2025 World Economic Outlook (WEO) projects global Real GDP growth at 3.0 percent in 2025 and 3.1 percent in 2026, reflecting modest upgrades from April's forecasts of 2.8 percent and 3.0 percent, respectively. These revisions are driven by stronger performance in emerging markets and developing economies, improved U.S. growth amid reduced tariff pressures, and generally favorable financial conditions. By contrast, the Organization for Economic Co-operation and Development (OECD) projects a more moderate outlook, with global growth holding at 2.9 percent in both 2025 and 2026, citing persistent inflation, heightened uncertainty, and ongoing geopolitical tensions. The World Bank provides an even more cautious view, revising its 2025 forecast downward to 2.3 percent from the 2.7 percent projected in January, reflecting concerns over sustained trade frictions and fragile global conditions. Risks to the global economy remain tilted to the downside, driven by the potential for heightened trade and investment restrictions, sustained policy and regulatory uncertainty, escalating geopolitical and security tensions, and the increasing incidence of climate-related shocks.

Global inflation is projected to ease from 5.6 percent in 2024 to 4.2 percent in 2025, and further to 3.6 percent in 2026, reflecting the impact of tighter monetary policies, weaker demand, improved supply chains, and lower commodity prices. Risks remain balanced. On the upside, renewed trade tensions particularly between the U.S. and China, shifts in central bank policy, and OPEC's oil supply decisions could slow the pace of disinflation. On the downside, a sharper global slowdown, weaker commodity demand, or tighter financial conditions could accelerate disinflation but at the cost of weaker growth.

The domestic economy is projected to rebound to 4.5 percent in 2025, up from 4.3 percent in 2024, driven by services, higher agricultural productivity, and continued mining expansion. Medium-term growth is expected to strengthen to 4.7 percent, supported by government initiatives such as the Feed Salone program, which aims to boost agricultural output, promote food self-sufficiency, and support local farmers. However, the outlook faces downside risks from domestic vulnerabilities and external pressures, particularly commodity price volatility and heavy reliance on mineral exports.

Sierra Leone recorded a trade surplus in 2025Q2, driven by higher export earnings and lower import costs. Gross International Reserves (GIR) covered 2.0 months of imports compared to 1.8 months in the previous quarter due to stronger drop in imports compared to the drop in GIR.

The foreign exchange market remained stable following reforms and policy measures to eliminate bottlenecks and other structural challenges. The Leone recorded a modest appreciation against the U.S. dollar between end June 2025 and August 2025, supported by improved market confidence and consistent fiscal and monetary policies. However, exchange rate movements remain vulnerable to shifts in demand, liquidity conditions, and external economic pressures.

On the fiscal side, policies in 2025Q2 continued to be contractionary and was supported by continued restraint in discretionary spending and complemented by strategies to enhance domestic revenue mobilization.

Monetary aggregates showed mixed trends in 2025Q2 as Reserve Money (RM) contracted due to a decline in BSL's Net Foreign Assets (NFA), which outweighed growth in its Net Domestic Assets (NDA). Conversely, Broad Money (M2) recorded moderate growth, driven by an expansion in the banking system's NDA that more than offset the contraction in its NFA. Year-on-year growth in commercial bank credit to the private sector eased slightly but remained significantly above the IMF program target.

Banking system liquidity increased in 2025Q2, with the upward trend extending into August. This improvement reflected policy adjustments and reduced government borrowing. Yields on government securities declined sharply, with the 364-day treasury bill rate falling from 41.22 percent in March to 19.71 percent in June, and further to 16.40 percent in August 2025. Similarly, the interbank rate dropped to 20.04 percent, moving closer to the Standing Lending Facility (SLF) rate.

The banking sector remained broadly stable, as key financial soundness indicators are within regulatory thresholds. However, Non-Performing Loans (NPLs) rose above its regulatory ceiling during the review period, highlighting ongoing challenges. The sector continues to face risks, including limited credit intermediation, high dependence on government securities, and vulnerabilities to fraud and cybersecurity threats.

Inflation eased further during the review period, with forecasts indicating it will remain within single digits over the projection horizon. This moderation reflects a stable exchange rate, lower global food and energy prices, improved domestic food production, and effective macroeconomic policies. While minor fluctuations are expected, inflation is projected to remain broadly contained at manageable levels in the medium term.

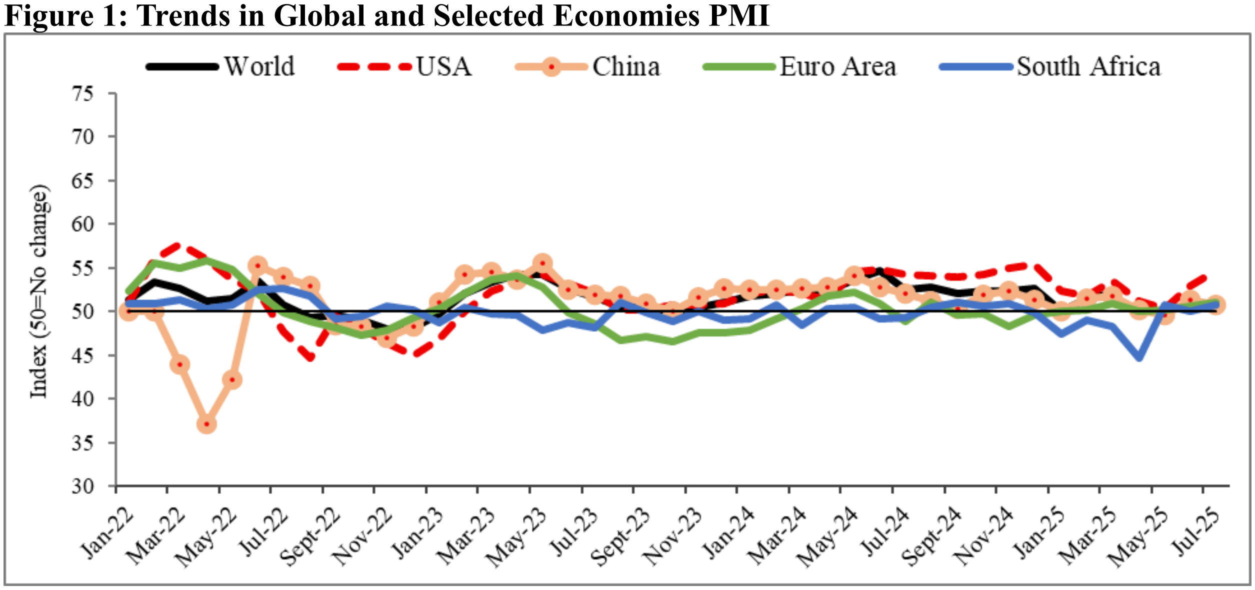
The remainder of this report is organized as follows: Section two discusses global economic and financial market developments, including growth and inflation trends, global commodity prices, development in the global capital market and their implications for the domestic economy. Section three analyzes domestic economic developments and outlooks. The final section details the monetary policy decisions from the September 2025 MPC Meeting and concludes the report.

1. GLOBAL ECONOMIC DEVELOPMENTS AND PROSPECTS

1.1 Global Output

Global trade developments continue to dictate the outlook. Following the United States pausing of higher tariffs for most of its trading partners and a de-escalation of trade tensions with China in May 2025, there has been modest growth upgrades for most regions in the globe. In effect, the July 2025 IMF World Economic Outlook (WEO) projected Real GDP at 3.0 percent and 3.1 percent for 2025 and 2026, respectively. This is an upward revision from April 2025 WEO which recorded growth rates of 2.8 percent and 3.0 percent respectively in 2025 and 2026. However, these projections remained below the 2024 growth outcome of 3.3 percent. The upward revisions are attributed to improved economic performance in emerging markets and developing economies, modest improvements in the U.S. economy amidst tariff rates settling at lower levels, as well as improved financial conditions. This trajectory is reflected in the Composite Purchasing Managers' Indices (PMIs), with international trade and investment driving activity in the USA, China, the Euro Area and South Africa.

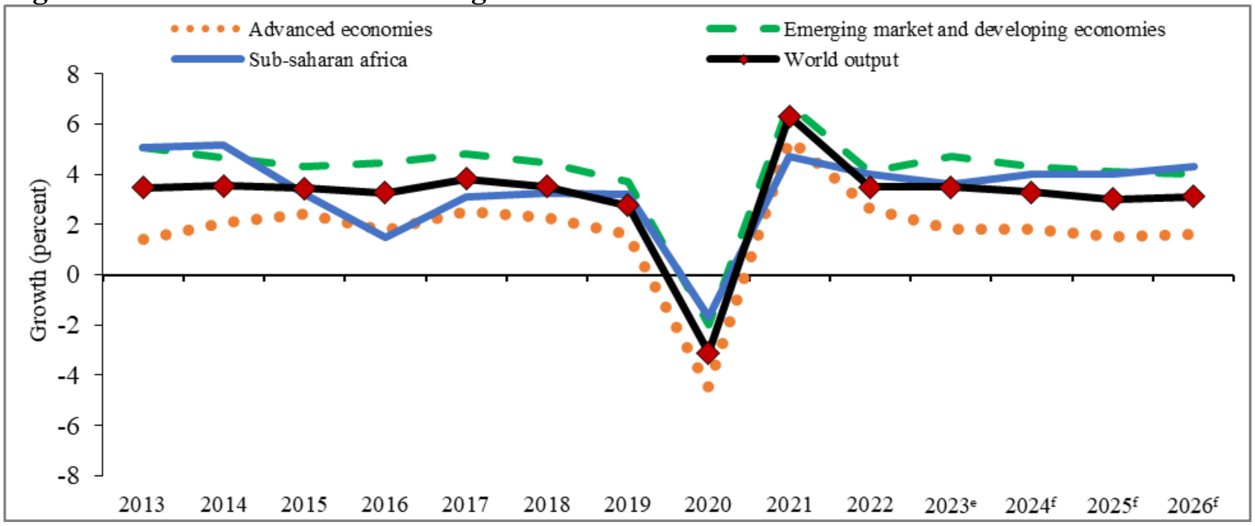
Figure 1: Trends in Global and Selected Economies PMI



Source: Markit Economics, through Trading Economics August 2025; Note: PMIs above 50% indicate expansion of the manufacturing sector; below 50% indicate contraction.

However, OECD forecasts a marked slowdown in global economic growth, held at 2.9 percent in both 2025 and 2026, alongside rising inflation and elevated levels of uncertainty, particularly associated with the prolonged bilateral tariff actions, amid rising geopolitical tensions, while the World Bank projected global growth at 2.3 percent in 2025, a substantial downward revision from 2.7 percent in the January 2025 projection.

Figure 2: Trends in Global and Regional Real GDP Growth Rates



Source: IMF World Economic Outlook, April 2025 database and July 2025 update; Note: e= estimate & f =forecast

Risk to the global economy firmly to the downside, reflecting the possibility of intensifying trade and investment restrictions, persistent policy and regulatory uncertainty, escalating geopolitical and security tensions, and the growing frequency of climate-related shocks.

1.1.1 Advanced and Emerging Market Economies

The modest decline in in trade tensions, however fragile, has contributed to the resilience in Advanced Economies and Emerging Market and Developing Economies. Also, concerns about future tariffs have led to surge in exports to the US, and this front-loading helped support activity in Europe and Asia. Moreover, financial conditions have improved, and monetary conditions have eased as global inflation continues to recede. Consequently, growth projections for advanced economies were revised upward by 0.1 percentage points, to 1.5 percent and 1.6 percent, for both 2025 and 2026 respectively in the July 2025 edition of the WEO from 1.4 percent and 1.5 percent respectively in the April 2025 WEO. The Euro Area's growth was revised upward to 1.0 percent, a 0.2 percentage point, while the 2026 projection remains at 1.2 percent. Growth in other major economies, including China, India and Brazil, have been revised upwards. Subdued global food prices and energy have improved supply conditions, while declining global inflation rates have enabled central banks to adopt more accommodating monetary policies gradually.

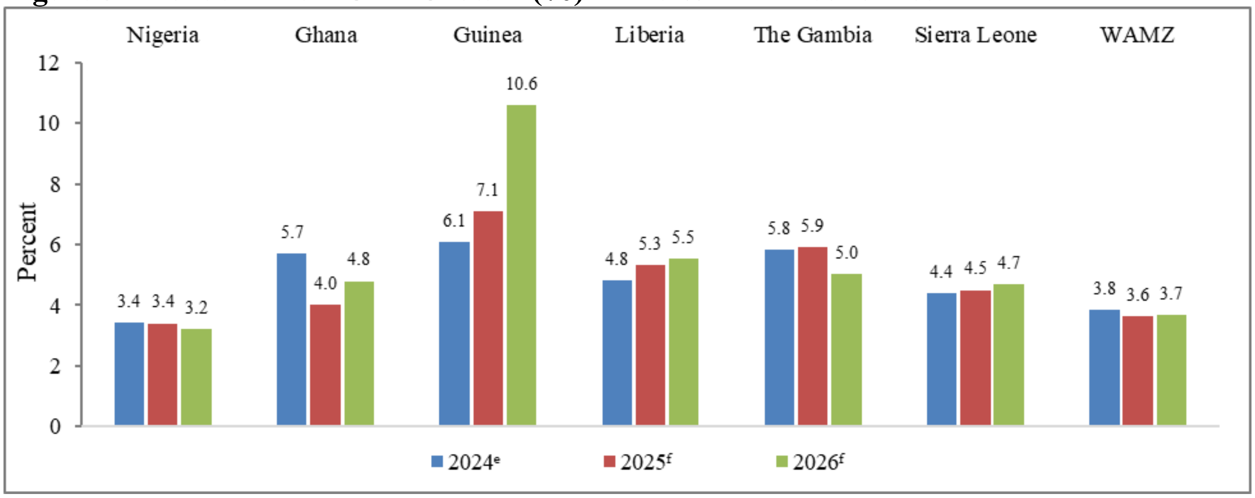
1.1.2 Sub-Saharan Africa (SSA)

Sub-Saharan African economic growth is showing signs of resilience, with projections for 2025 at 4.0 percent before picking up to 4.3 percent in 2026, largely supported by falling inflation and stabilizing currencies. However, potential risks remain, including high debt levels, persistent conflict, climate-related risks and policy uncertainty.

1.1.3 West African Monetary Zone (WAMZ)

Economic activity improved in the WAMZ with growth projected at 3.6 percent in 2025 and 3.7 percent in 2026, with Nigeria, Guinea, Liberia, The Gambia and Sierra Leone experiencing strong growth performance. This improvement is supported by macroeconomic stabilization efforts and structural reforms across WAMZ Member States. Despite this positive outlook, challenges remain, including an escalation of geopolitical tensions, disruption of global supply chains which may have a negative impact on commodity prices, global policy uncertainty, climate related risks, external financing constraint and the need for continued fiscal consolidation to manage public debt.

Figure 3: Trends in Real GDP Growth (%) in the WAMZ Economies



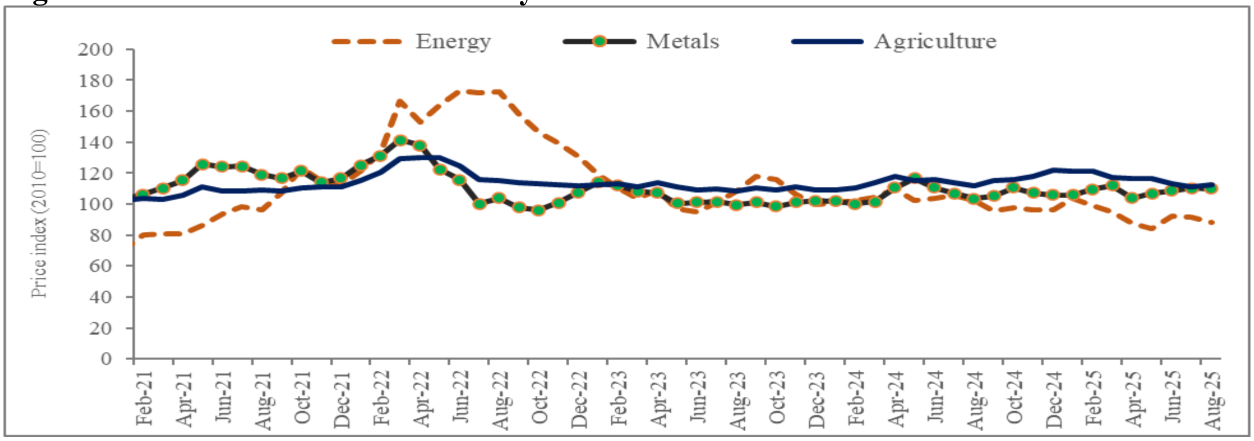
Source: IMF World Economic Outlook, April 2025 Update and July 2025; Note: e= estimate & f =forecast

1.2 Global Commodity Prices and Inflation

1.2.1 Global Commodity Prices

Global commodity prices generally fell in 2025Q2, driven by supply-demand imbalances, plentiful harvests and reduced input costs. Energy prices continued to fall by 18.74 percent, from 103.5 points in January to 84.1 points in May, then partially rose by 9.0 percent to 91.7 points in July before declining to 88.1 points in August, indicating a tentative move towards market balance while remaining below early-year levels. Metals steadily increased by 3.3 percent, from 106.8 points in May to 110.3 points in July, and stabilized at 110.0 points in August, driven by stronger industrial demand and improved financial conditions. Agricultural prices declined by 4.6 percent, from 116.6 points in May to 111.2 in July, then stabilized in August at 112.6 points due to high harvests and lower input costs, signaling weaker demand. Moreover, risks from geopolitics, extreme weather events, and U.S. trade restrictions could trigger price spikes.

Figure 4: Trends in Global Commodity Price Indices

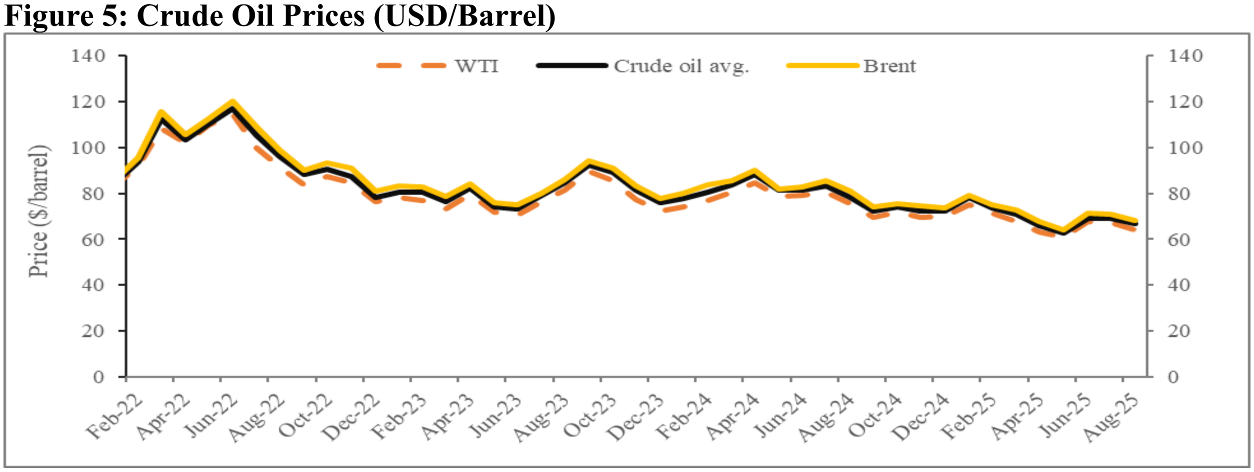


Source: World Bank Commodity Market Outlook database, September 2025

Crude Oil Prices

Average crude oil prices have been trending downwards with brent oil declining from USD79.21/bb in January to USD64.21/bb in May, while WTI decreased from USD75.14/bb to USD61.03/bb, reflecting deterioration in demand outlook amid trade policy uncertainties. However, crude oil prices increased in June, with Brent rising to USD71.45/bb and WTI to USD67.49/bb, influenced by Israel-Iran conflict, OPEC+ supply adjustments, and higher consumption in the U.S. and China, before dropping to USD68.20/bb and USD64.08/bb respectively, in August 2025. On a quarterly basis, the average price fell by 11.2 percentage points to USD65.93/bb in 2025Q2 from USD74.23/bb in 2025Q1, with Brent and WTI dropping to USD67.80/bb and USD63.87/bb from USD75.65/bb and USD71.43/bb, driven by weaker demand, rising U.S. inventories, and global policy uncertainties. Downside risks stem from a slowdown in global economic growth especially if it affects countries that are expected to drive oil demand growth as well as higher OPEC+ supply. Upside risks may include supply curtailments due to tightening oil sanctions.

Figure 5: Crude Oil Prices (USD/Barrel)

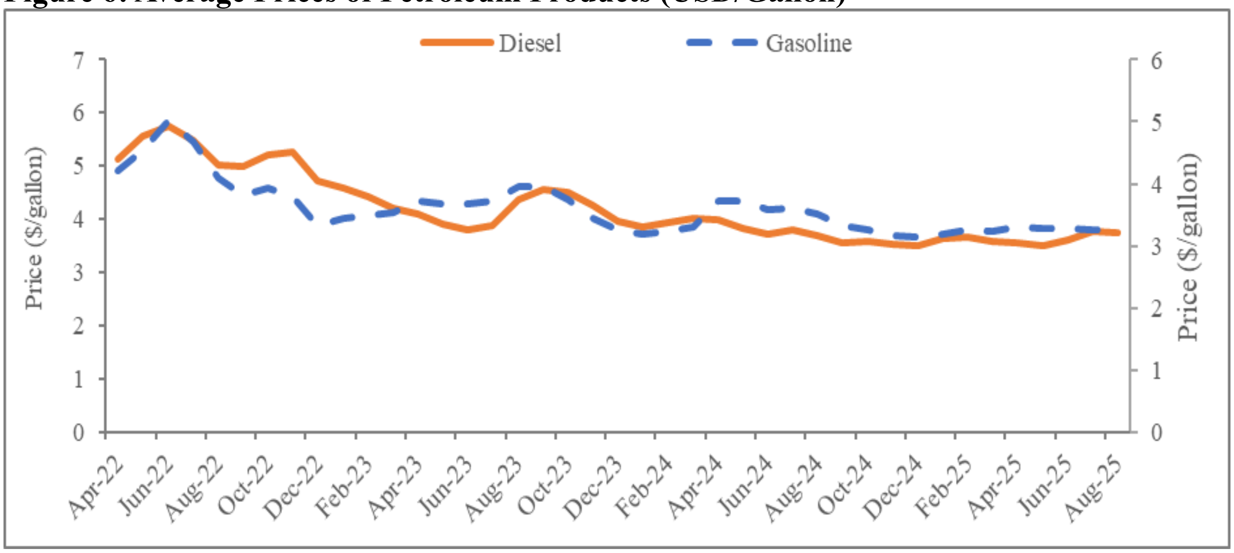


Source: World Bank Commodity Market Outlook database September 2025

Petroleum Products (Retail Prices)

The prices of petroleum products (gasoline and diesel) were relatively stable across markets in the review period. Gasoline prices increased by 1.6 percent from USD3.20/gallon in January to USD3.30 in April before easing to USD3.26/gallon in August, driven by subdued crude oil prices. Diesel prices also fluctuated, declining by 3.6 percent from USD3.63/gallon in January to USD3.50/gallon in May 2025 on the back of weaker industrial demand and higher refinery output, before increasing to USD3.78/gallon in July, amid tighter supply and stronger seasonal transport demand, and moderately declining to USD3.74/gallon in August 2025, due dropped in crude oil prices.

Figure 6: Average Prices of Petroleum Products (USD/Gallon)

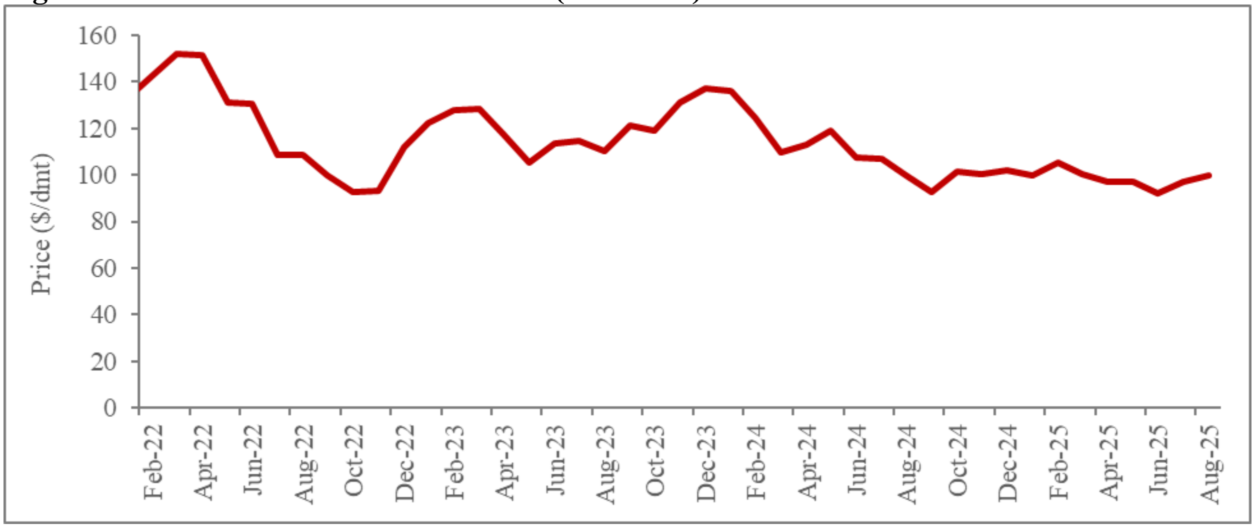


Source: U.S. Energy Information Administration, EIA (September 2025)

Iron Ore Price

Iron ore prices decreased USD105.08/dmt in February 2025 to USD92.33/dmt in June as steel production cuts in China weakened demand. On a quarterly basis, prices averaged USD95.51/dmt in 2025Q2, down from USD101.59/dmt in 2025Q1. Prices recovered slightly to USD97.26/dmt and USD99.74/dmt in July and August, respectively, amid renewed Chinese demand and tighter supply from key producers facing production limitations. The outlook is tilted downward due to China's struggling property sector and weak industrial activity in major economies leading to subdued growth in iron ore demand. Also, rising iron ore output from Australia and Brazil, the world's two largest producers along with low supplies from West Africa will put further downward pressure on prices.

Figure 7: Trend in the Price of Iron Ore (USD/dmt)

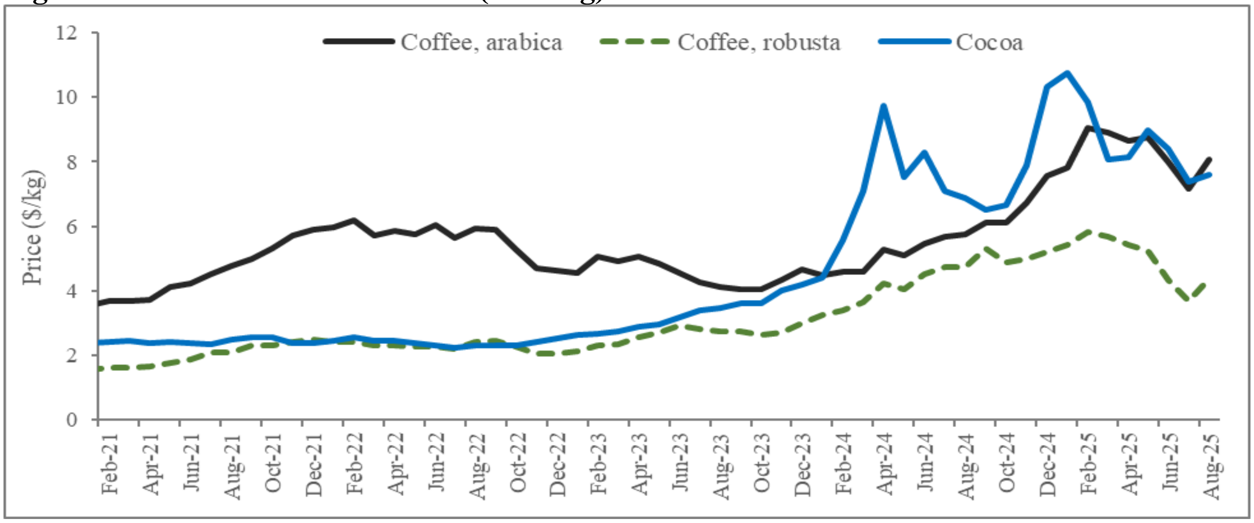


Source: World Bank Commodity Market Outlook database, September 2025

Cocoa and Coffee Prices

Cocoa prices fell from USD10.75/kg in January to USD7.37/kg in July 2025 on strong West African harvests and weak demand, then rose to USD7.60/kg in August. This increase was linked to the late-July drought in Côte d'Ivoire and Ghana's reduced harvest. Arabica coffee rose from USD7.81/kg in January to USD9.05/kg in February on Brazilian supply disruptions, dropped to USD7.18/kg by July as production and stocks recovered, then increased to USD8.08/kg in August, driven by frost concerns and the proposed 50% U.S. tariff on Brazilian coffee. Robusta followed a similar trend, rising to USD5.81/kg in February, declining to USD3.69/kg in July on strong Vietnamese exports and weak demand, and rising again to USD4.39/kg on reduced Brazilian exports. On a quarterly basis, Arabica and Robusta prices fell to USD8.47/kg and USD5.00/kg in 2025Q2 from USD8.59/kg and USD5.64/kg in 2024Q1, respectively, while cocoa prices decreased to USD8.51/kg in 2025Q2 from USD9.56/kg in 2025Q1. The market outlook remains highly sensitive to production conditions, weather events, and shifts in global demand.

Figure 8: Cocoa and Coffee Prices (USD/kg)

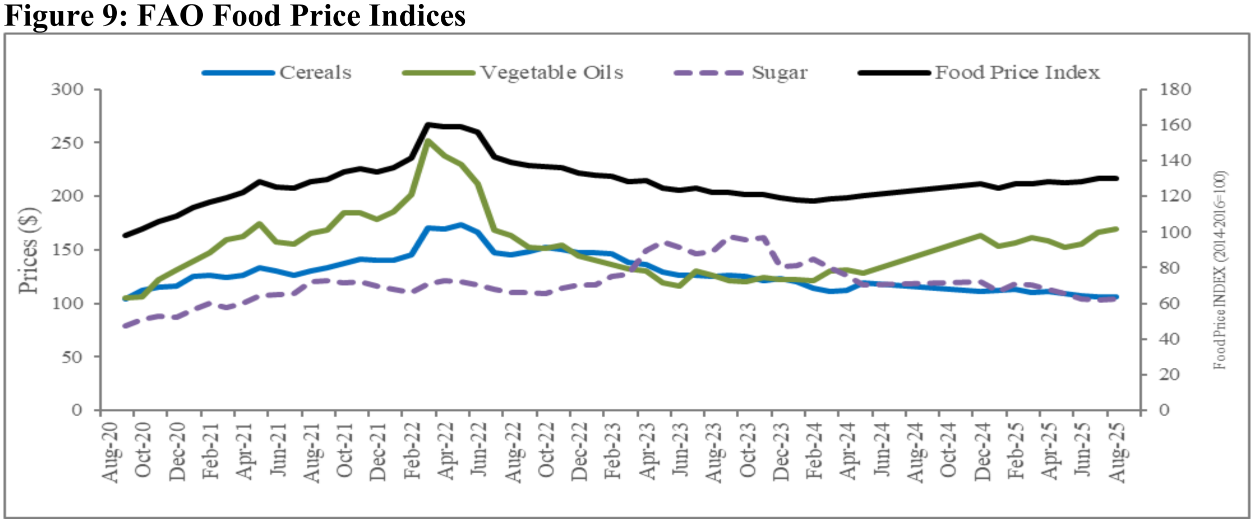


Source: World Bank Commodity Market Outlook database, August 2025

Food Price Index

Global food prices experienced moderate fluctuations, influenced by changing supply conditions and commodity-specific demand pressures. The FAO Food Price Index averaged 130.1 points in August 2025, almost unchanged from the revised July level of 130.0 points. Declines in cereal prices were offset by increases in sugar and vegetable oils prices. This stability was driven by limited production in key palm and soy oil producing countries, like Indonesia and the U.S., alongside rising global demand. In contrast, cereal prices fell by 5.6 percent, declining from 111.8 points in January to 105.6 points in August 2025, supported by improved harvests and favorable weather in major exporting regions. Sugar prices declined by 6.9 percent, from 111.2 points in January to 103.6 points in August, as Production in Brazil and India declined, and global inventories fell or became unstable.

Figure 9: FAO Food Price Indices

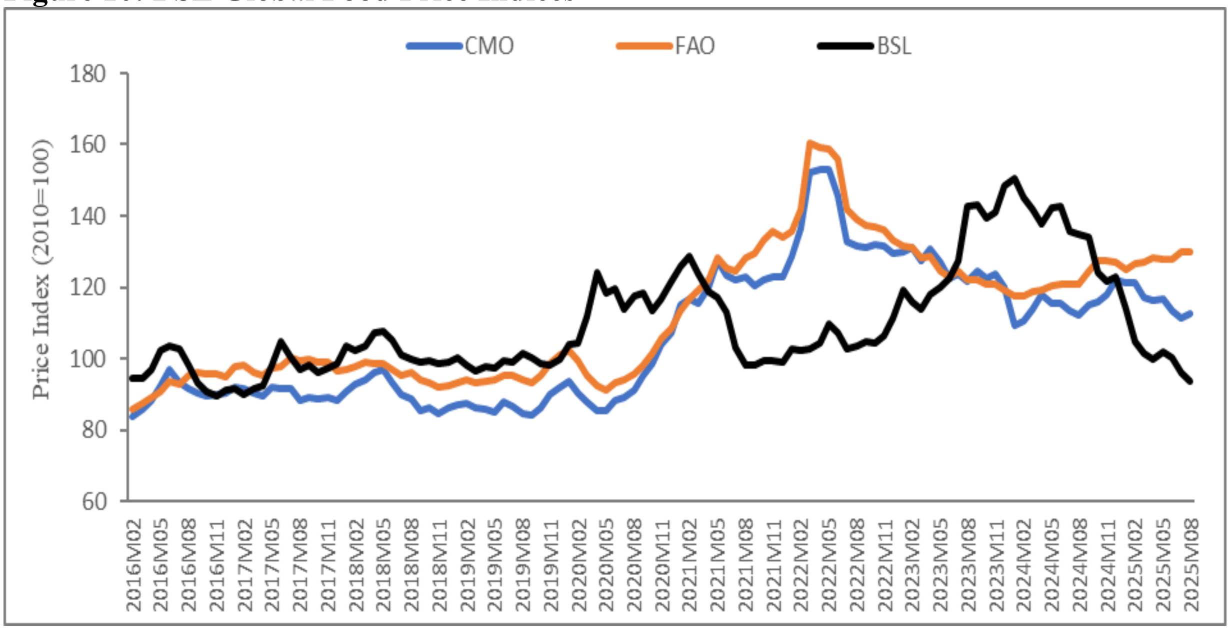


Source: FAO food price index database, September 2025

BSL Food Index

The BSL Food Index indicated a sustained decline in 2025Q2, dropping to 100.75 points from 106.61 points in 2025Q1. This downward trend largely reflects the drop in global rice prices as published in the World Bank Commodity Market Outlook. However, domestic rice prices in Sierra Leone remain vulnerable to shocks, notably, weather-related shocks, supply chain disruptions, and trade policy uncertainty, given the country's reliance on rice imports.

Figure 10: BSL Global Food Price Indices



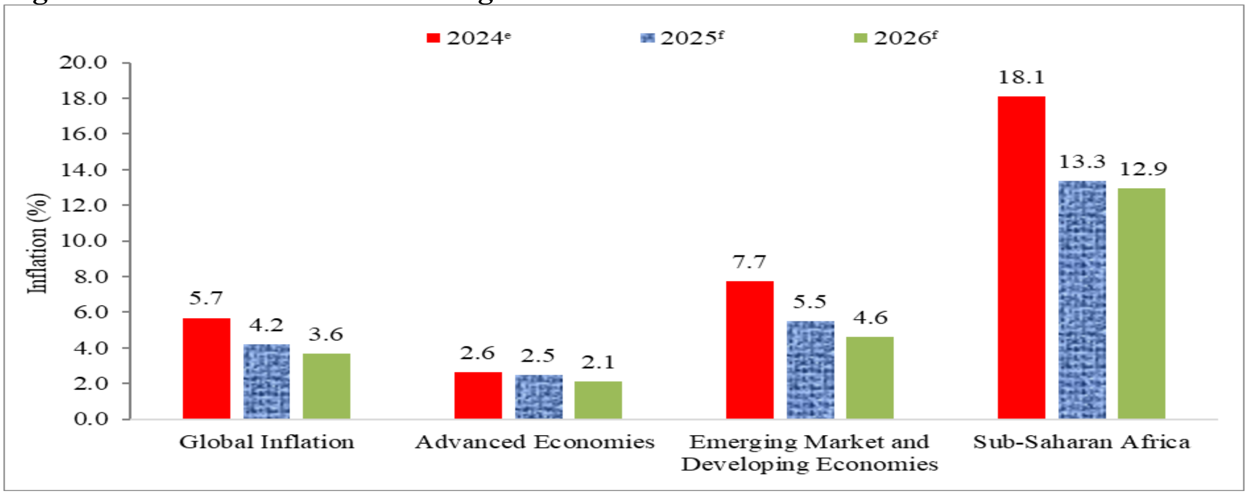
Source: World Bank, FAO & BSL

1.2.2 Global Inflation

Global inflation is projected to continue easing, with headline inflation rates dropping to 4.2 percent in 2025 and 3.6 percent in 2026, virtually unchanged from the April 2025 WEO. This trajectory is underpinned by subdued demand and lower energy prices. Advanced economies are expected to converge more quickly toward price stability, with inflation falling to 2.1 percent in 2026. However, in some advanced countries tariff adjustments may act as a supply shock, and subsequently pass through to consumer prices, triggering inflationary pressures in the second half of 2025. Tariffs may also constitute a negative demand shock, lowering inflationary pressures.

Meanwhile, emerging markets and developing economies are projected to see a slower adjustment at 4.6 percent. In Sub-Saharan Africa, inflation is forecast to ease to 12.9 percent in 2026, but progress will remain constrained by structural challenges, including food insecurity, currency depreciation, and tight fiscal space.

Figure 11:Trends in Global and Regional Inflation



Source: IMF, World Economic Outlook, April 2025 and July 2025 update.

There are both upside and downside risks to the outlook. On the upside, rising trade tensions, particularly between the U.S. and China, central bank policies, and OPEC's decisions regarding oil supply, pose a threat to disinflation. On the downside, a deeper global slowdown, reduced commodity demand, or tighter financial conditions could quicken disinflation while restraining economic growth.

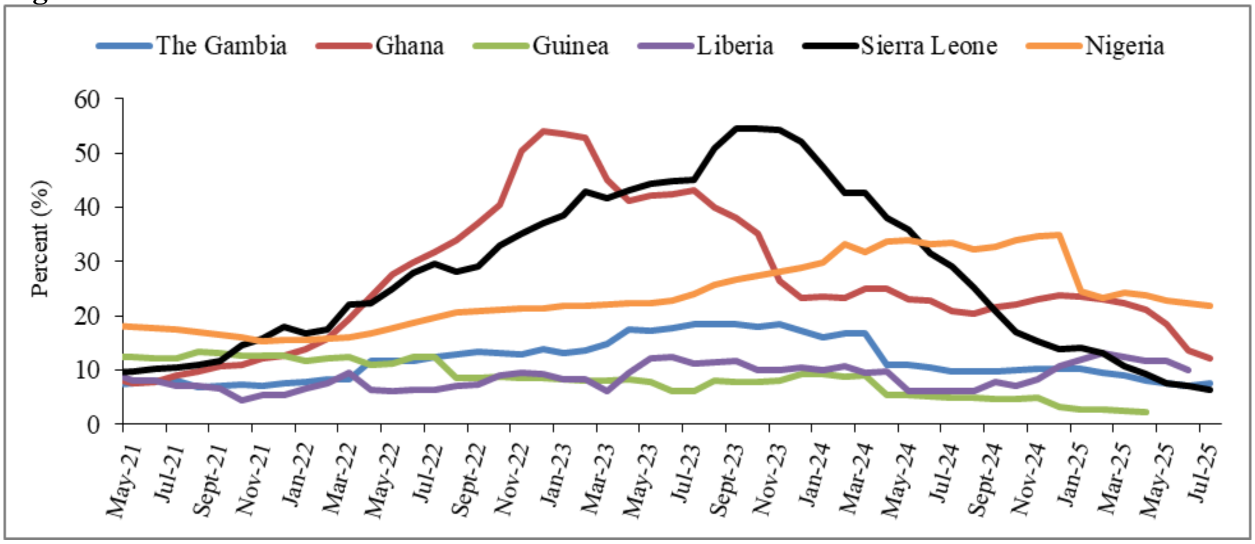
Sub-Saharan Africa (SSA) Inflation

Inflationary pressures in Sub-Saharan Africa continue to ease in 2025 to 13.3 percent following a spike from 18.1 percent in 2024, evident in the slowdown in global commodity prices, coupled with the lagged effect of monetary tightening. Inflation is expected to decrease further in 2026 to 12.9 percent, supported by improved food supply and lower import costs. However, risks from climate shocks, exchange rate volatility, and fiscal pressures may threaten this disinflationary process.

Inflation in the WAMZ

Most West African Monetary Zone (WAMZ) member states experienced continued disinflation. Except for Guinea, headline inflation remains above the ECOWAS threshold of 5 percent in the zone. Guinea recorded the lowest inflation rate at 2.20 percent in April 2025, followed by Sierra Leone at 6.45 percent in July 2025, Liberia at 7.4 percent in July 2025, The Gambia at 7.5 percent in July 2025, while Ghana registered 12.1 percent in July 2025. Nigeria records the highest inflation at 21.9 percent, reflecting rising import costs, currency depreciation, and the impact of weaker global crude oil prices. Sierra Leone has maintained a stable single-digit inflation path since April 2025, supported by prudent monetary policy and fiscal management, exchange rate stability, and easing global commodity prices.

Figure 12: Inflation Trends in the WAMZ



Source: IMF World Economic Outlook, April update 2025 and Central Banks via Trading Economics August 2025; note: Inflation for Sierra Leone, Nigeria, Ghana and the Gambia, Guinea, Liberia are as of July 2025.

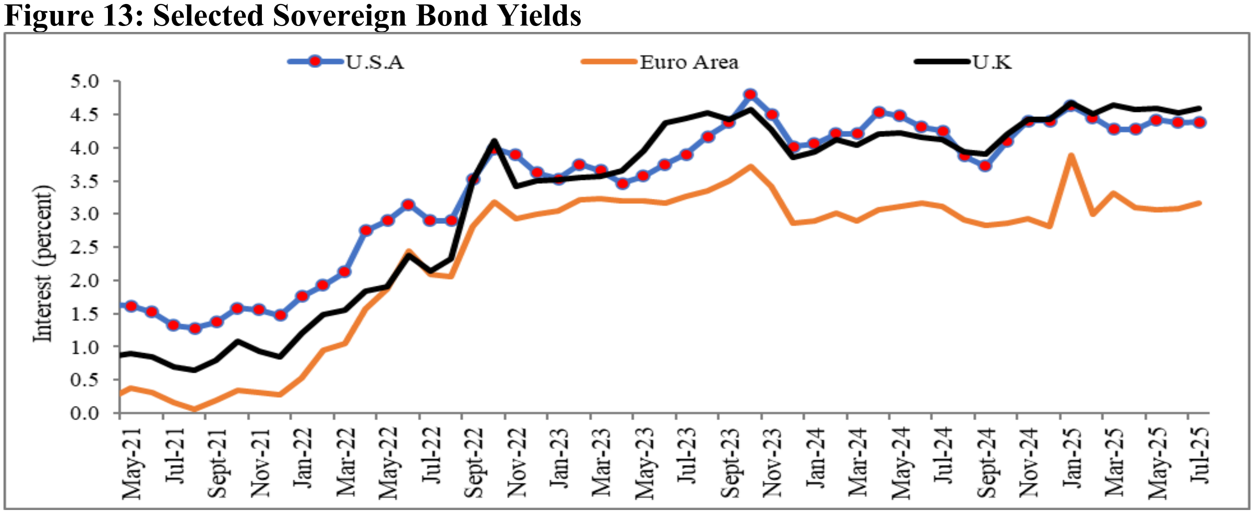
1.3 Monetary Policy and Financial Market Developments

The US Federal Reserve, ECB, and China held rates, while the Bank of England cut rates slightly. These decisions aim to preserve price stability and support investment and growth, providing predictable conditions for bond yields, and currency markets. Also, WAMZ member countries were either cutting rates or holding rates unchanged to support growth and sustain the momentum of disinflation, except for Liberia, which increased its rate.

Sovereign Bond Yield

Higher yields were observed in the US and UK, potentially due to factors like expected inflation and growth concerns. Also, in the Euro Area, the 10-year government bond yields rose in July 2025, reflecting a broader increase in long-term rates in the region.

Figure 13: Selected Sovereign Bond Yields

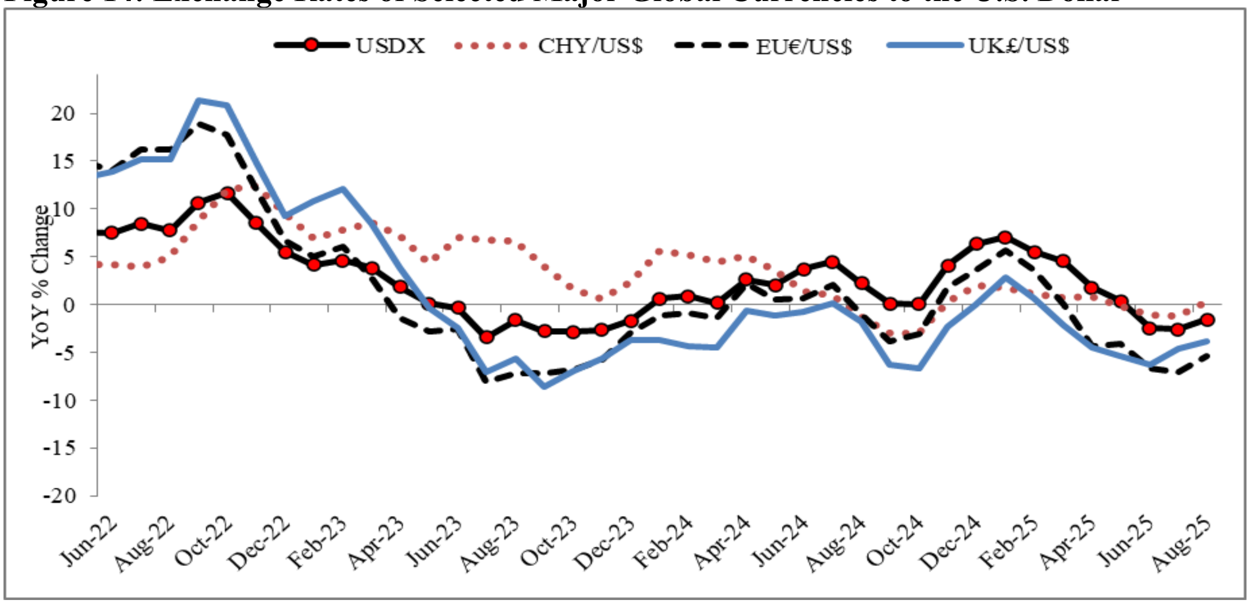


Source: Federal Reserve Economic, FRED Data (August 2025)

Exchange Rate

The U.S. Dollar has continued to depreciate relative to major international currencies, partly attributed to a largely weaker U.S growth prospect. The Chinese yuan remained largely stable, moving within a narrow range in line with China's managed exchange rate regime. In contrast, the euro weakened in July, driven by subdued growth prospects and ongoing uncertainty in the Euro Area's monetary policy. The British pound also depreciated over the same period, weighed down by sluggish economic activity and persistent inflationary pressures.

Figure 14: Exchange Rates of Selected Major Global Currencies to the U.S. Dollar

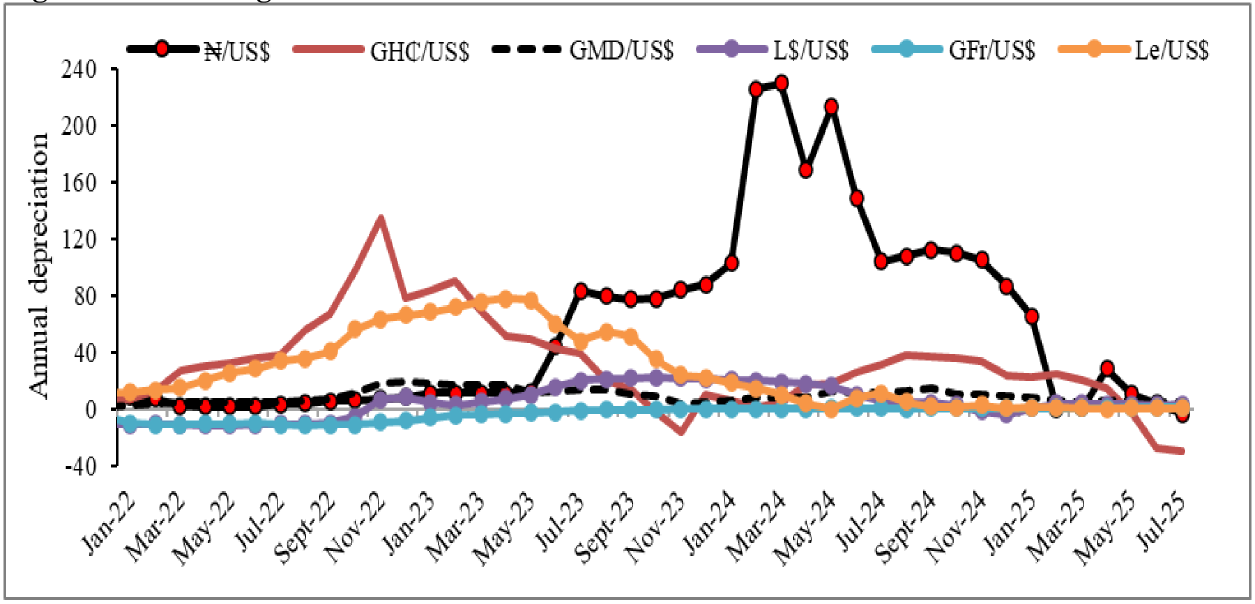


Source: FRED (August 2025). Note a positive change indicates depreciation against the U.S. dollar and a negative change indicates an appreciation against the U.S. dollar.

WAMZ Exchange Rate

Even though foreign exchange pressures remain in the WAMZ region, the exchange rate for most has been relatively stable. The Cedi has strengthened since the start of 2025, attributed to fiscal tightening, improved gold reserves, and sound economic policies, while the Leones and other currencies of countries in the zone have maintained some degree of stability. However, the Naira continues to be the weakest performer in the bloc, largely driven by lower global oil prices, which is the country's main revenue stream.

Figure 15: Exchange rates in the WAMZ Block



Source: Global Economic Monitor, August 2025

1.4 Implications for the Outlook of the Sierra Leone Economy

Geopolitical conflicts and shifts in the global development landscape are reducing the availability of traditional Official Development Assistance (ODA), making it increasingly difficult for Sierra Leone to attract foreign direct investment (FDI) and secure development financing. An escalation of geopolitical tensions could also trigger new negative supply shocks, disrupting shipping routes and supply chains, which may result in higher commodity prices particularly for energy and food; ultimately dampening growth and re-igniting inflationary pressures. Global trade tensions and heightened economic uncertainty may further reduce external demand for Sierra Leone's exports while weakening investor confidence, thereby slowing economic growth.

On the fiscal side, a weaker U.S. dollar could ease the cost of servicing dollar-denominated debt, thereby alleviating pressure on Sierra Leone's debt burden. At the same time, a sustained decline in global crude oil prices would lower energy costs, translating into reduced petroleum prices and transport cost, lower inflation, and an improved trade balance for oil-importing economies such as Sierra Leone. Moreover, a surge in the prices of Sierra Leone's key export commodities, such as iron ore, could strengthen export earnings and bolster Gross International Reserves.

2. DOMESTIC ECONOMIC DEVELOPMENTS

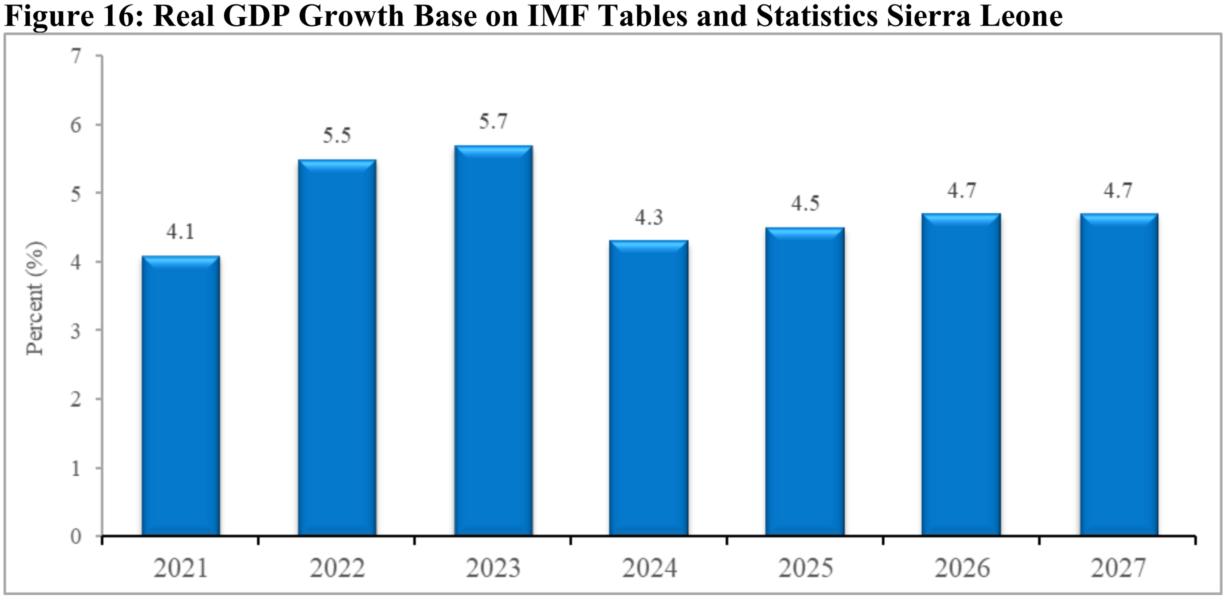
2.1 Real GDP Developments

2.1.1 Real GDP Growth

Real GDP growth is anticipated to rebound to 4.5 percent in 2025, from 4.3 percent in 2024. This growth is primarily driven by improved performance in agriculture, services and mining sectors, supported by a stable macroeconomic environment. The medium-term outlook is positive, with growth forecasted to reach 4.7 percent in 2026 and 2027, underpinned by government initiatives to boost agricultural productivity under the Feed Salone program, designed to enhance food self-sufficiency and support local farmers. This is reinforced by the government's commitment to create an enabling environment to strengthen the manufacturing, energy and tourism sectors.

However, potential risks remain, arising from global trade uncertainties and geopolitical tensions which may disrupt supply chains and ignite commodity price volatility, with potential inflationary effects. The government's policy actions to implement pro-growth policies and strengthen fiscal resilience through improving revenue mobilization and prudent expenditure management could improve macroeconomic stability and enhance the economy's resilience to external shocks.

Figure 16: Real GDP Growth Base on IMF Tables and Statistics Sierra Leone



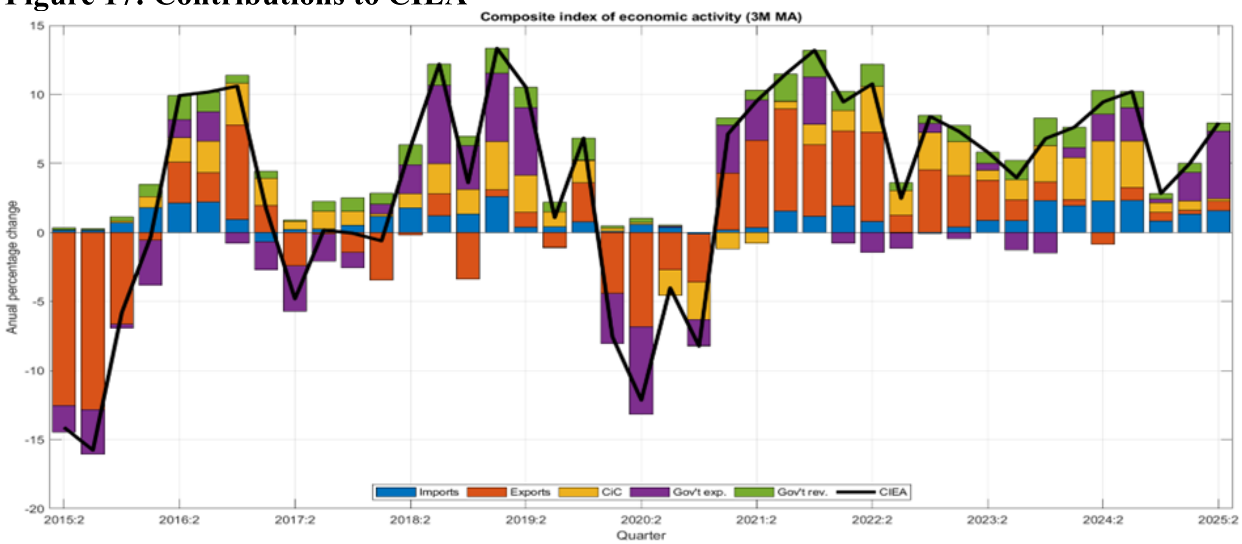
Source: Stats. SL & IMF

2.1.2 Composite Index of Economic Activity (CIEA)

The Bank's Composite Index of Economic Activities (CIEA) indicates that overall economic activities strengthened in 2025Q2 relative to 2025Q1. The CIEA annual percentage growth increased from 5.0 percent in 2025Q1 to 9.4 percent in 2025Q2. The improved growth in the

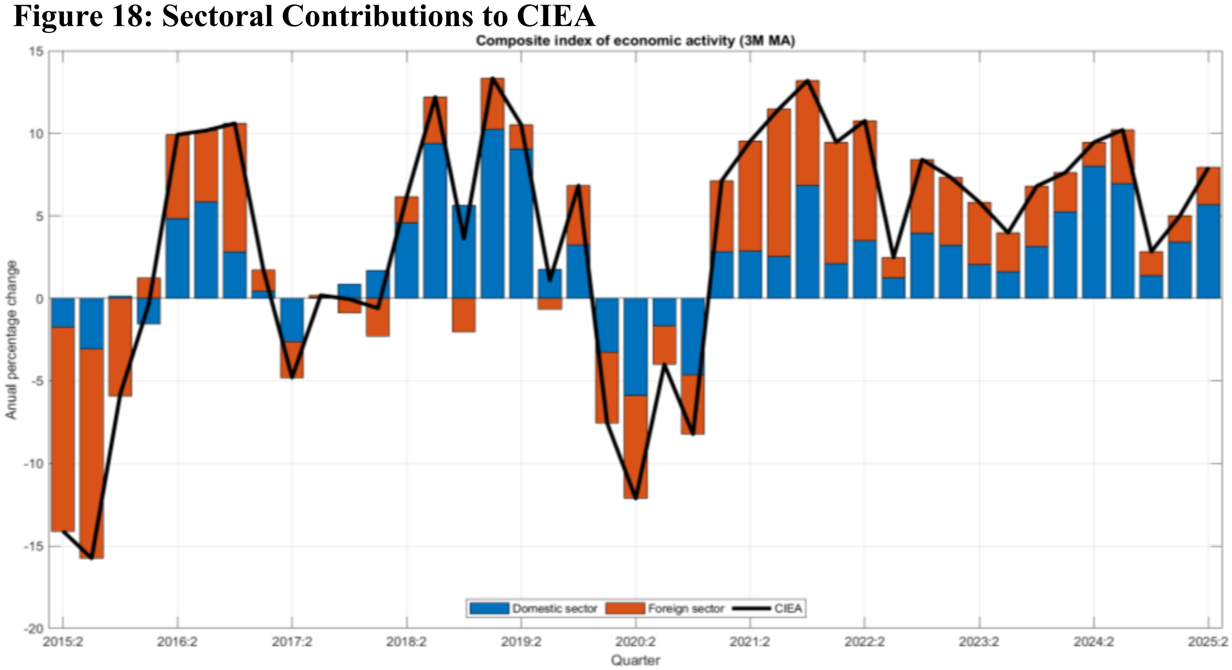
CIEA was driven largely by expansion in government revenue, government expenditure and exports, while currency in circulation slightly contracted. On sectoral basis, the domestic sector remained the main driver of the increase in economic activities, while the foreign sector recorded a marginal increase during the review quarter.

Figure 17: Contributions to CIEA



Source: BSL

Figure 18: Sectoral Contributions to CIEA

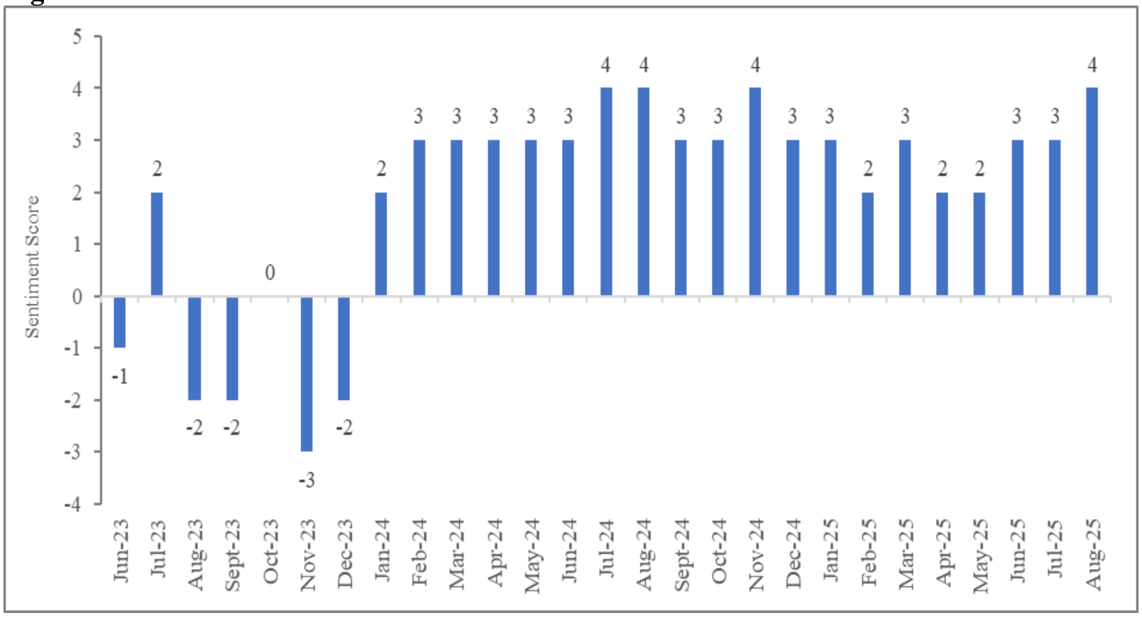


Source: BSL

Box 1: Business Sentiment[2]

Business sentiment continues to be positive in August 2025, signalling growing confidence within the business community. Survey findings attribute this optimism to the sustained stability of the Leone over the past year and the gradual easing of inflationary pressures. These factors have provided businesses with greater predictability and assurance in their pricing decisions.

Figure 19: Business Sentiment Scores



Source: BSL

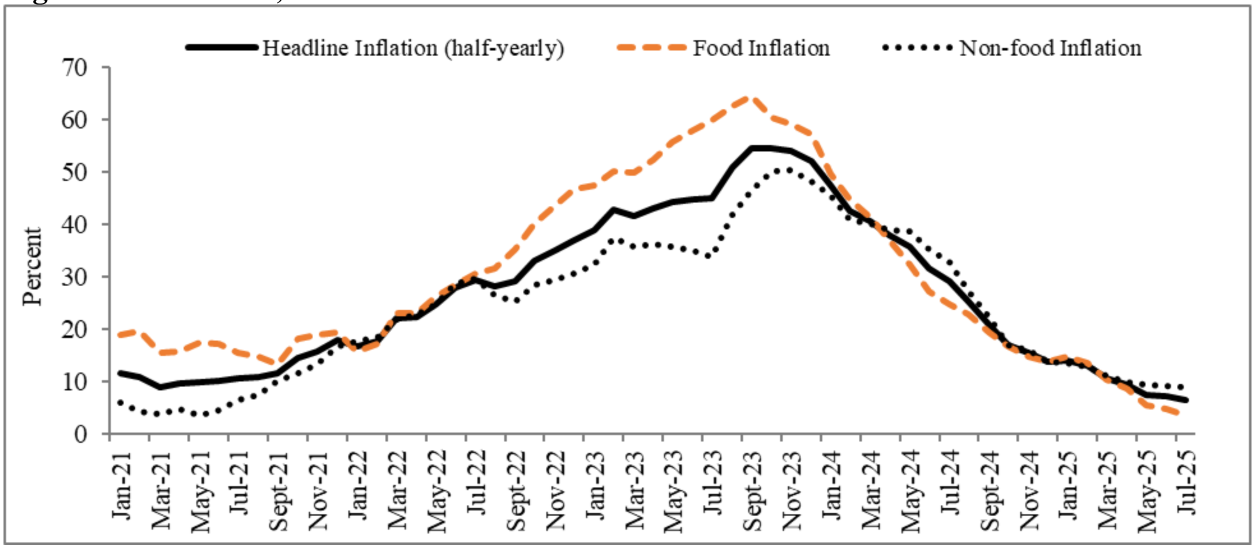
2.1.3 Price Developments

Inflationary pressures continued to ease in 2025, driven by prudent monetary policy measures, fiscal consolidation efforts, reduction in global and domestic commodity prices and relative stability of the exchange rate. Headline inflation (year-on-year) decreased by 3.67 percentage points to 7.10 percent in June, from 10.71 percent recorded in March 2025. Food inflation declined by 5.64 percentage points to 4.63 percent in June 2025 from 10.27 percent in March 2025. Similarly, Non-food inflation slowed down to 9.12 percent in June 2025, from 11.05 percent in March 2025.

Headline inflation declined to 6.45 percent in July 2025, from 7.10 percent in June 2025. The outlook indicates that inflation is expected to continue its downward trajectory into the third quarter of 2025, supported by the relative stability of food and energy prices.

2 The business sentiment is still experimental.

Figure 20: Headline, Food and Non-food Inflation

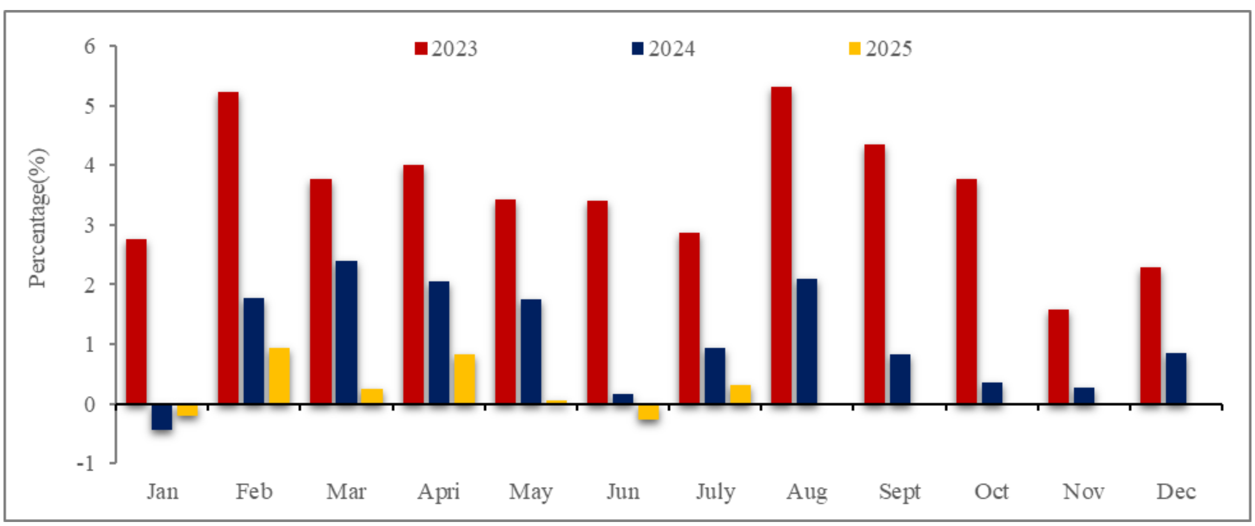


Source: Stats. SL

Monthly Inflation

On a month-on-month basis, inflation decline from 0.24 percent in March 2025 to a deflation of 0.24 percent in June 2025. It then rose to 0.32 percent in July 2025 and further to 1.51 percent in August 2025. The uptick in monthly inflation largely reflects seasonal factors, as farming activities typically slowed down during the rainy season. Consequently, food inflation increased, while non-food inflation registered a slight decline.

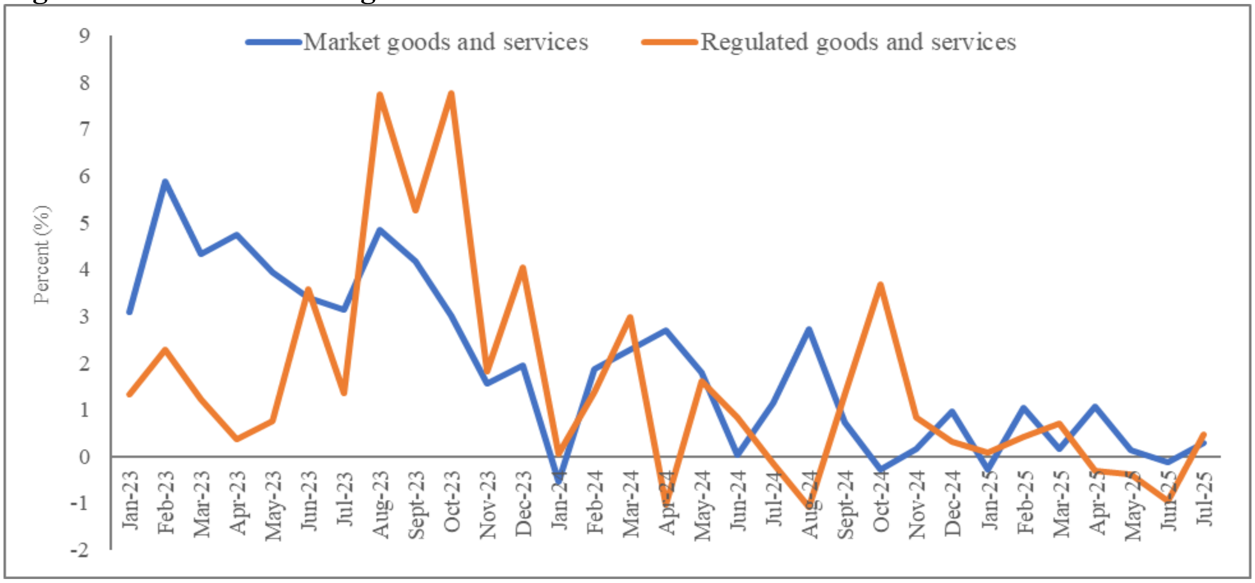
Figure 21: Path of Monthly Inflation within the Years of 2023-2025



Source: Stats. SL

Market goods and services inflation recorded a marginal increase in the second quarter of 2025 but eased slightly in July 2025 relative to June 2025. In contrast, regulated goods and services inflation declined in April, May, and June 2025, before registering a slight uptick in July 2025.

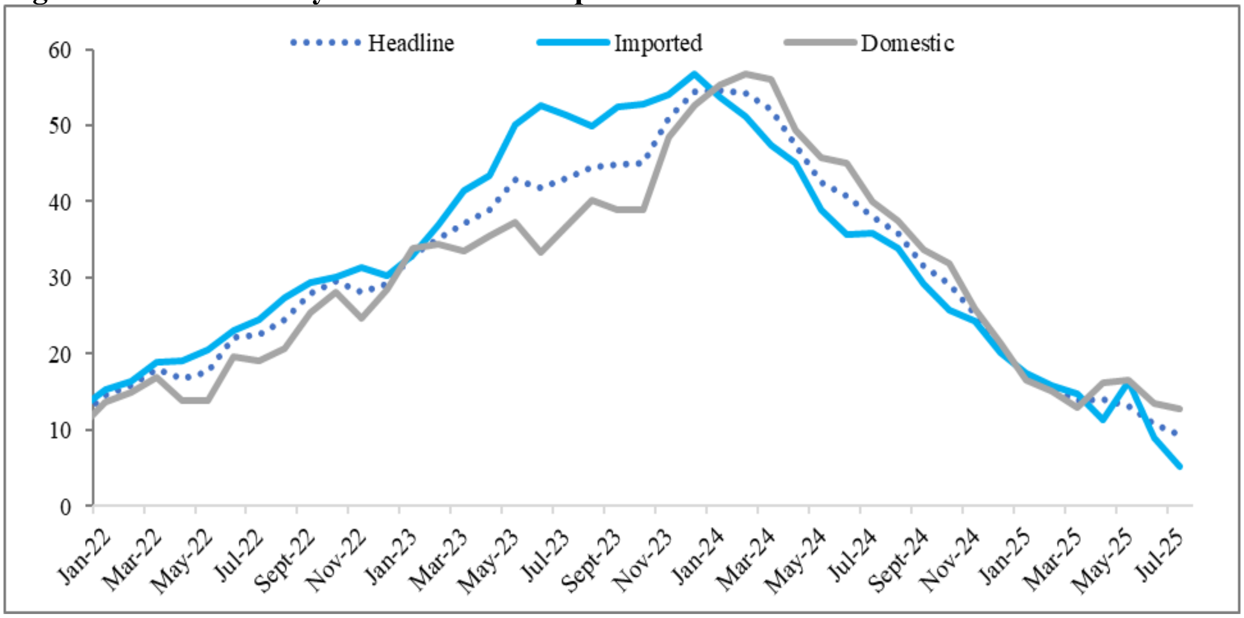
Figure 22: Market and Regulated Goods and Services Inflation



Source: BSL Staff Calculations

The main drivers of the increase in market goods and services inflation were local food, raw food items, alcoholic beverages, tobacco, and airfares.

Figure 23: Domestically Produced and Imported Goods and Services Inflation



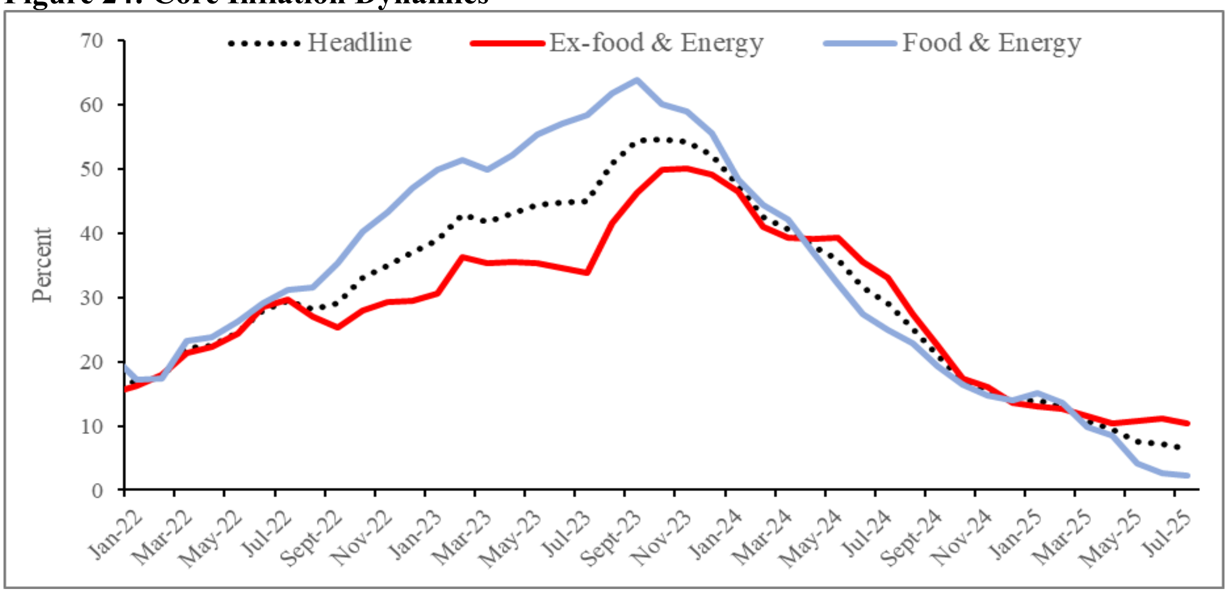
Source: Stats. SL & BSL

Imported inflation continued to ease in tandem with headline inflation during the second quarter of 2025 due largely to decline in global food prices, an increase in domestic food supply, as well as the Bank of Sierra Leone's policy measures aimed at removing bottlenecks in the foreign exchange market. Conversely, domestic inflation recorded a marginal increase in June and July 2025. Nonetheless, the overall outlook suggests that inflation is expected to remain on a downward trajectory through the remainder of 2025.

Core Inflation

Core inflation rose to 11.2 percent in June 2025, up from 9.9 percent in March 2025, before moderating to 10.3 percent in July 2025. The moderation in core inflation could be attributed to a combination of factors, including prudent monetary policy measures, a relatively stable exchange rate, and the decline in international food and energy prices.

Figure 24: Core Inflation Dynamics



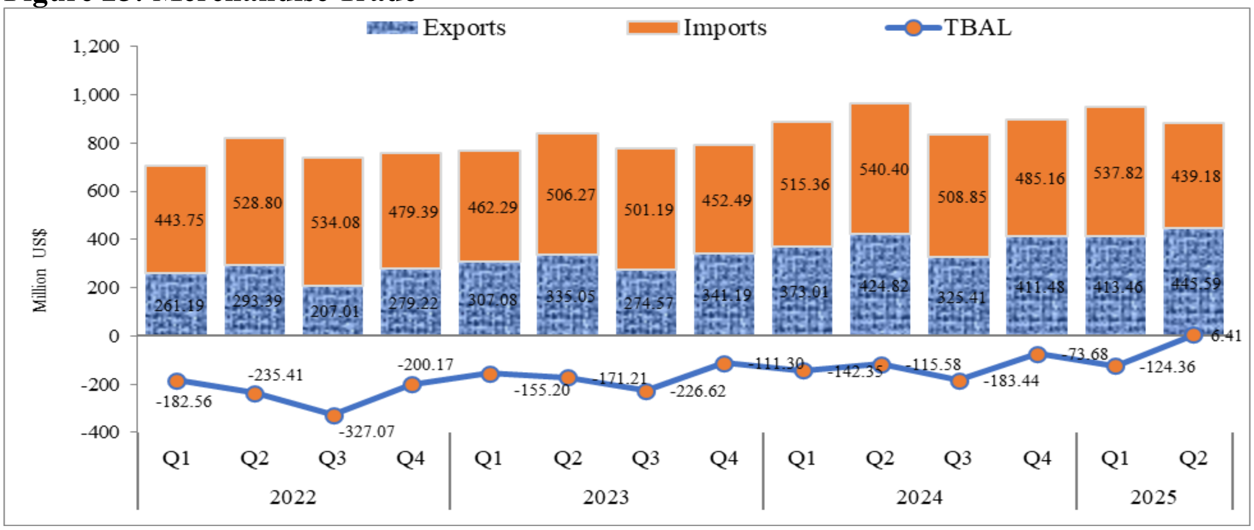
Source: Stats. SL

2.2 External Sector Developments

2.2.1 Merchandise Trade

Sierra Leone's trade balance with the rest of the world recorded a surplus of USD6.41million in 2025Q2 from a deficit of USD124.36 million in 2025Q1. This reflects the combined effects of an increase in export receipts (7.77 percent) and a decrease in import bills (18.34 percent).

Figure 25: Merchandise Trade



Source: NRA/Customs & BSL

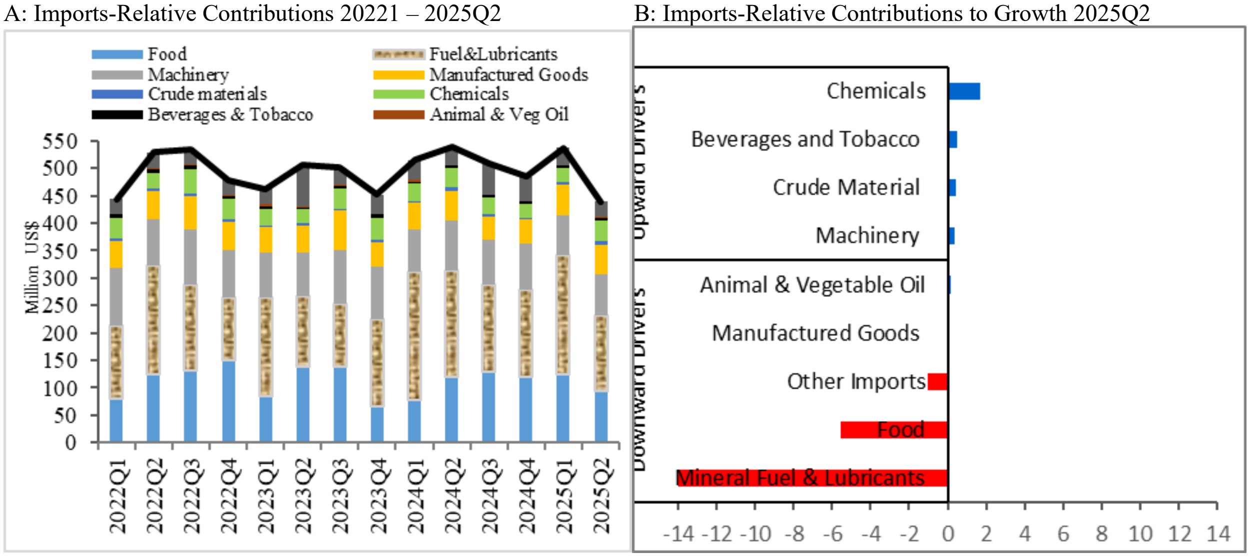
Components of Import

Merchandise Imports bill decreased, driven mainly by Mineral Fuel, Manufactured goods, Food and Other imports. The total value of Merchandise Imports decreased by 18.34 percent to USD439.18mn in 2025Q2, from USD537.82mn in 2025Q1.

Figure 26: Components of Import

A: Imports-Relative Contributions 20221 – 2025Q2

B: Imports-Relative Contributions to Growth 2025Q2



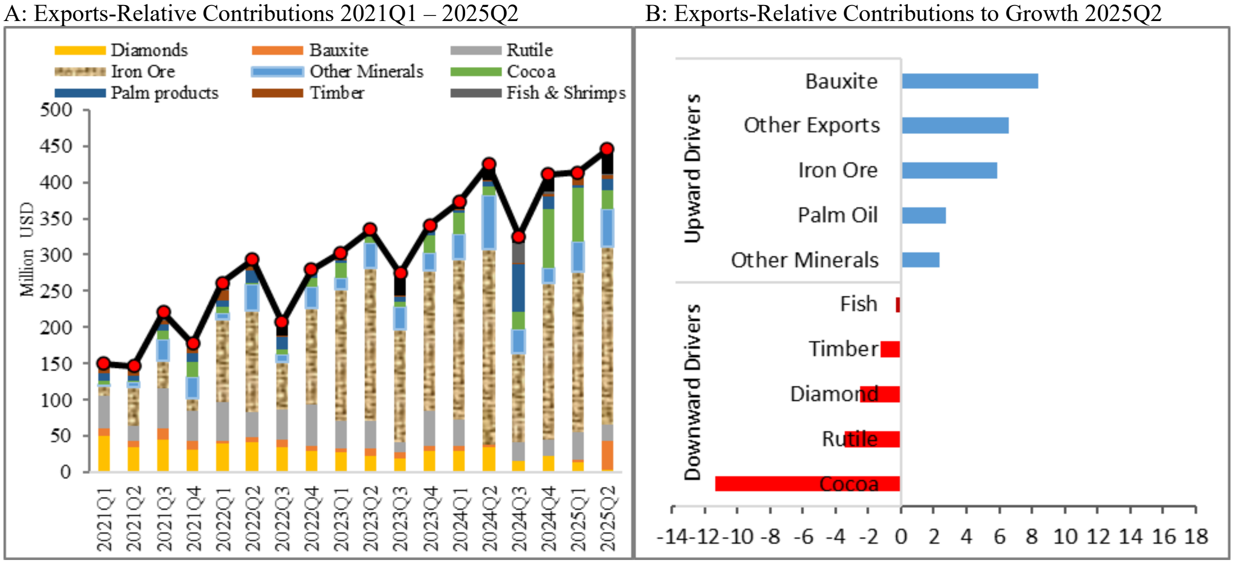
Source: NRA/Customs & BSL

Components of Export

The upward drivers of merchandise exports include Bauxite, Iron ore, Other Minerals, and palm products. The total value of merchandise exports increased by 7.77 percent to USD445.59mn in 2025Q2 from USD413.46mn in 2025Q1.

Figure 27: Components of Export

A: Exports-Relative Contributions 2021Q1 – 2025Q2 B: Exports-Relative Contributions to Growth 2025Q2



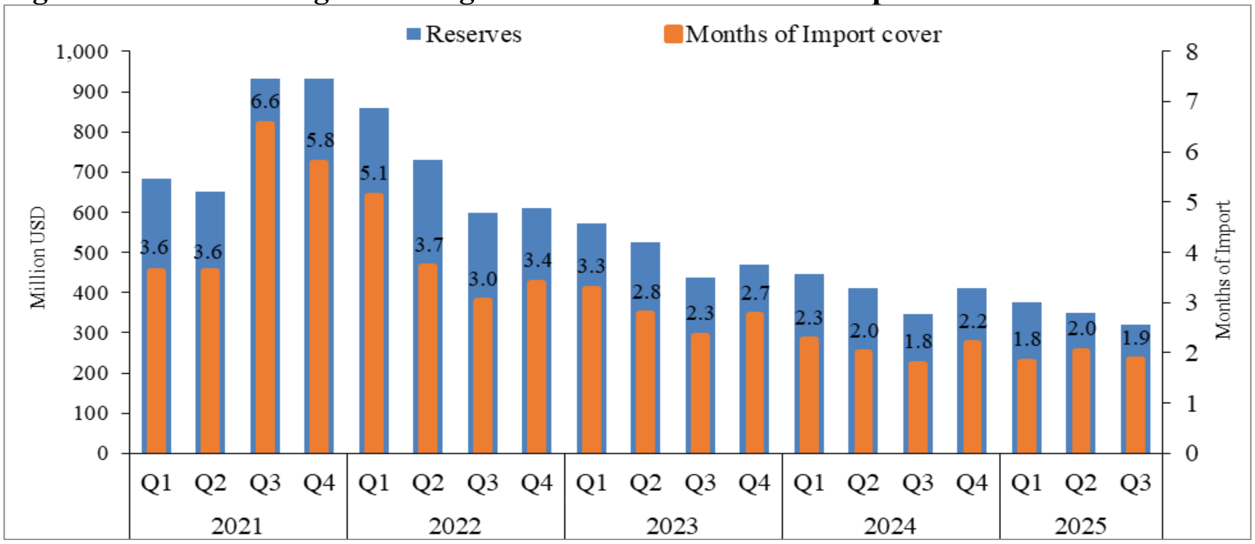
Source: NRA/Customs & BSL

2.2.2 Gross Foreign Exchange Reserves

The Gross Foreign Exchange Reserves of the Bank of Sierra Leone dropped by 6.40 percent, to USD350.45mn in 2025Q2, down from USD374.42mn in 2025Q1, covering 2.0 months of imports compared to 1.8 months in the previous quarter. The downward trend continued in 2025Q3, with reserves contracting by a further 8.78 percent to USD319.68mn, covering 1.9 months of imports.

This drop was driven by higher outflows compared to inflows during the review period. Key drivers to these outflows included payments for goods and services as well as debt service payments to IMF, World Bank, and other Multilateral / Bilateral organizations. Furthermore, imports dropped more than proportionately to GIR during the review period.

Figure 28: Gross Foreign Exchange Reserves and Months of Import Cover

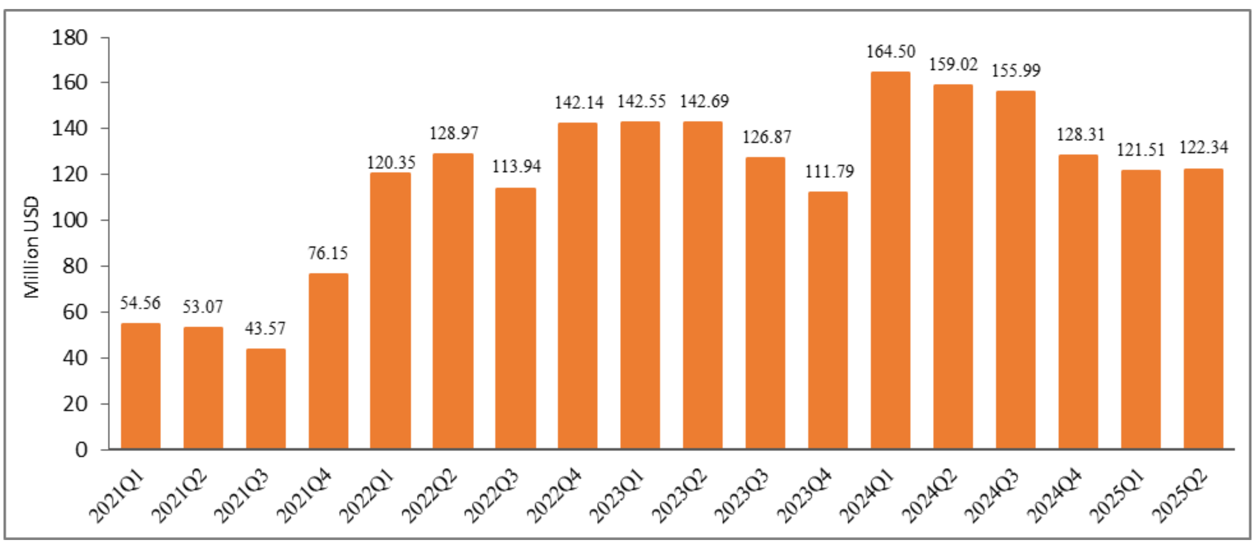


Source: BSL

2.2.3 Diaspora Remittances

Diaspora remittance inflows increased slightly by 0.69 percent to USD122.34 million in 2025Q2 from USD 121.51 million in 2025Q1. This can be mainly attributed to the just concluded hajj program, during which immigrants remitted money back home to support families and friends for the Hajj festivities.

Figure 29: Diaspora Remittances into Sierra Leone



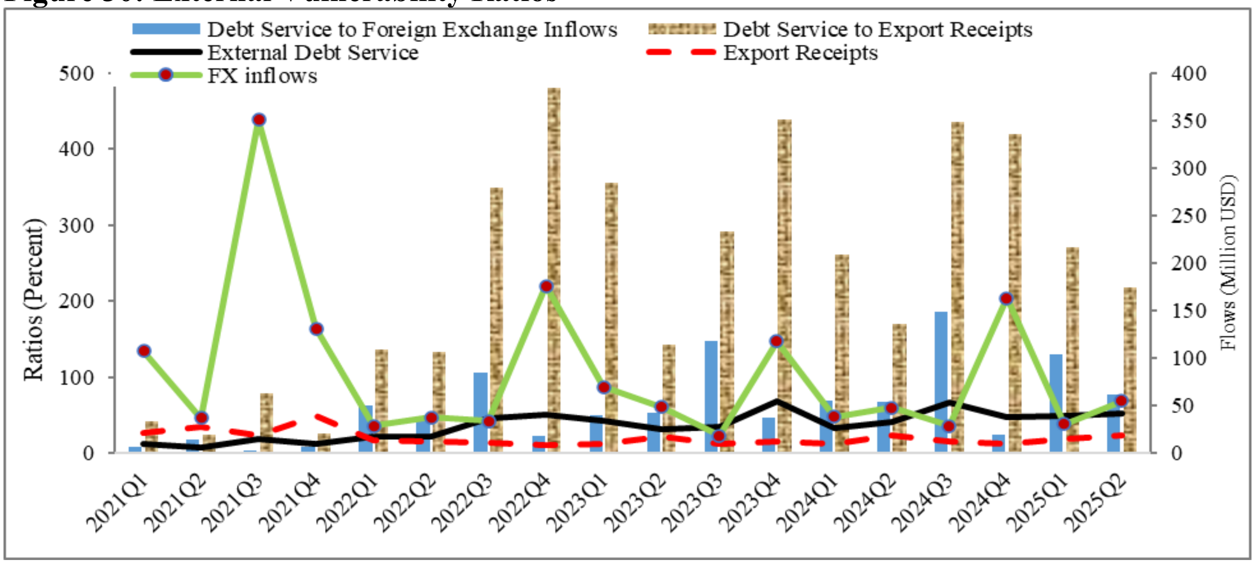
Source: BSL

2.2.4 External Vulnerability Ratios

External debt service payments increased by 5.34 percent to USD41.81 million in 2025Q2 from USD39.69 million in 2025Q1. Similarly, both Export receipts and FX inflows moved in the same direction. Export tax receipts increased by 31.26 percent to USD19.23 million in 2025Q2 from

USD14.65 million in 2025Q1, while forex inflows increased by 80.08 percent to USD54.87 million in 2025Q2 from USD30.47 million in 2025Q1. Consequently, both the ratios of debt service to forex inflows as well as debt service to export tax receipts decreased by 41.50 percent and 19.75 percent to USD76.20 million, and USD217.42 million respectively in 2025Q2 from USD130.26 million and USD270.92 million in 2025Q1. This signals that even though debt service payments increased the gains from export tax receipts and forex inflows was able to manage the debt burden and create space for reallocation of resources to other development programmes.

Figure 30: External Vulnerability Ratios



Source: BSL

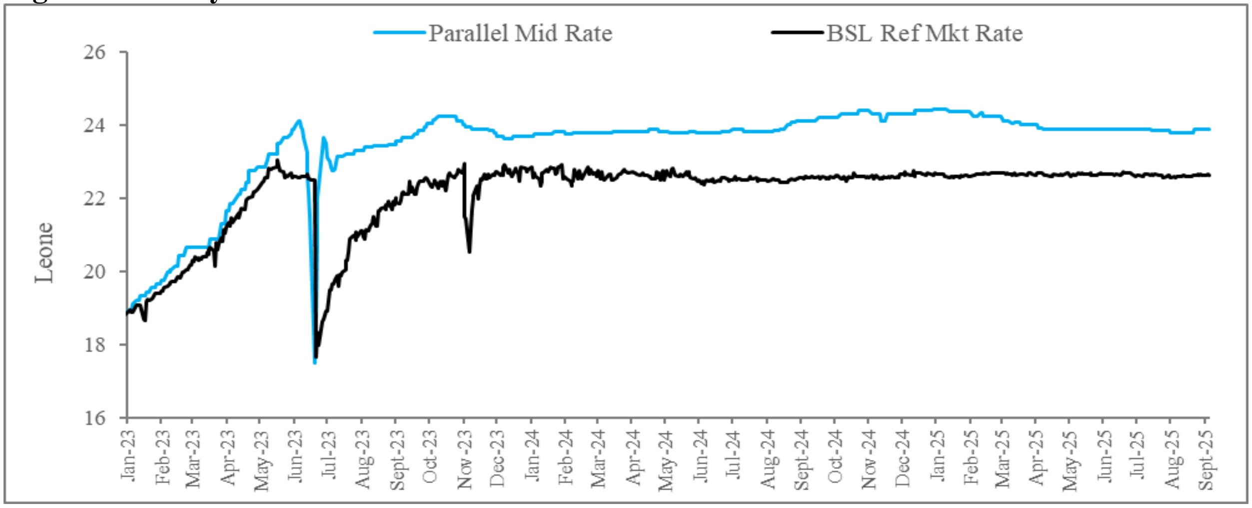
2.3 Exchange Rates and Foreign Exchange Market Developments

2.3.1 Bilateral Rates and Foreign Exchange Market Developments

The foreign exchange market continues to be stable as of September 2025, underpinned by robust measures to remove constraints in the forex market, prudent monetary policy adjustments and ongoing fiscal consolidation efforts. There was modest appreciation of the Leone against the US dollar from 2025Q2 to August 2025, driven by improved market sentiment and sustained fiscal and monetary policy measures.

Nonetheless, there are risks to the outlook which may be driven by factors such as increased market demand, liquidity conditions, and external economic influences, like global trade tensions and volatility in international commodity prices.

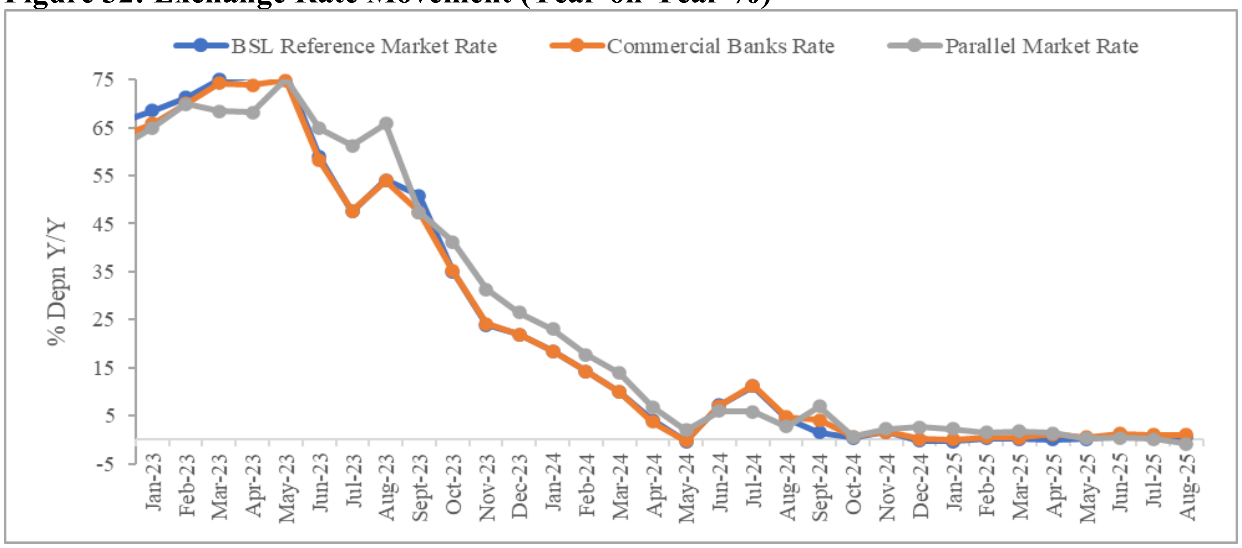
Figure 31: Daily NLe/USD Mid Rates in the Official and Parallel Market



Source: BSL

On a year on year basis, exchange rate depreciation continues to slowdown as reflected below.

Figure 32: Exchange Rate Movement (Year-on-Year %)



Source: BSL

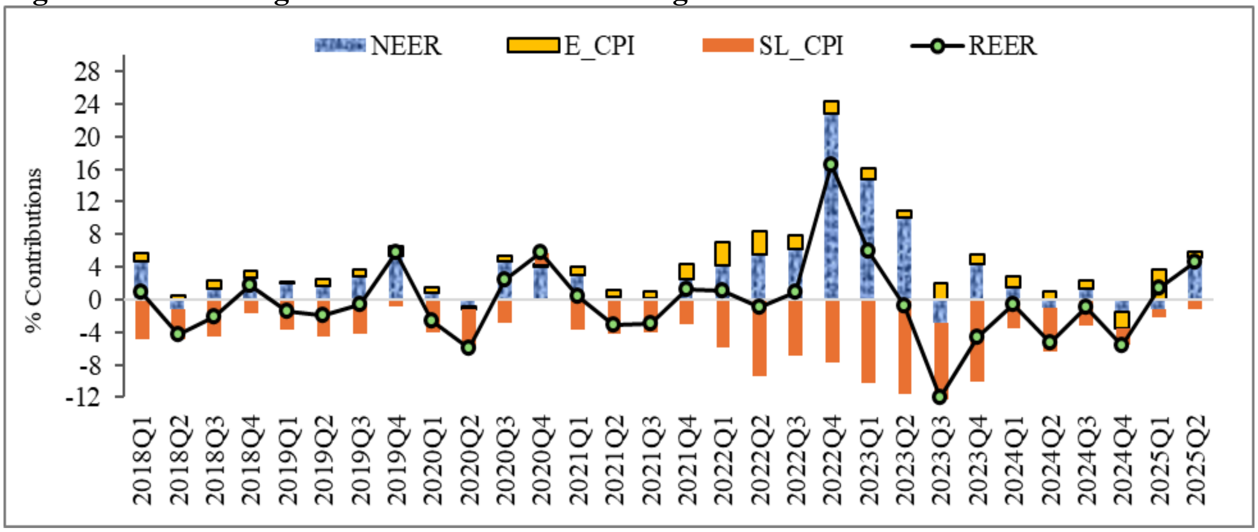
2.3.2 Effective Exchange Rates

The Nominal Effective Exchange Rate (NEER) depreciated by 5.3 percent in 2025Q2, reversing the 1.1 percent appreciation in the previous quarter. This was driven by the Leone's depreciation against the Euro (8.0 percent), Pound (6.1 percent), and Yuan (0.7 percent), despite relative stability against the US dollar.

Similarly, the Real Effective Exchange Rate (REER) depreciated by 4.8 percent in 2025Q2, compared with 1.4 percent in 2025Q1. The real depreciation reflected the weaker NEER and relatively low domestic prices.

The REER depreciation signals strong external competitiveness, with potential to boost exports, reduce the trade deficit, and support reserve accumulation. For monetary policy, this provides scope to balance growth support with price stability, while remaining vigilant to possible inflationary pressures from exchange rate pass-through.

Figure 33: Percentage Contributions to the Change in REER

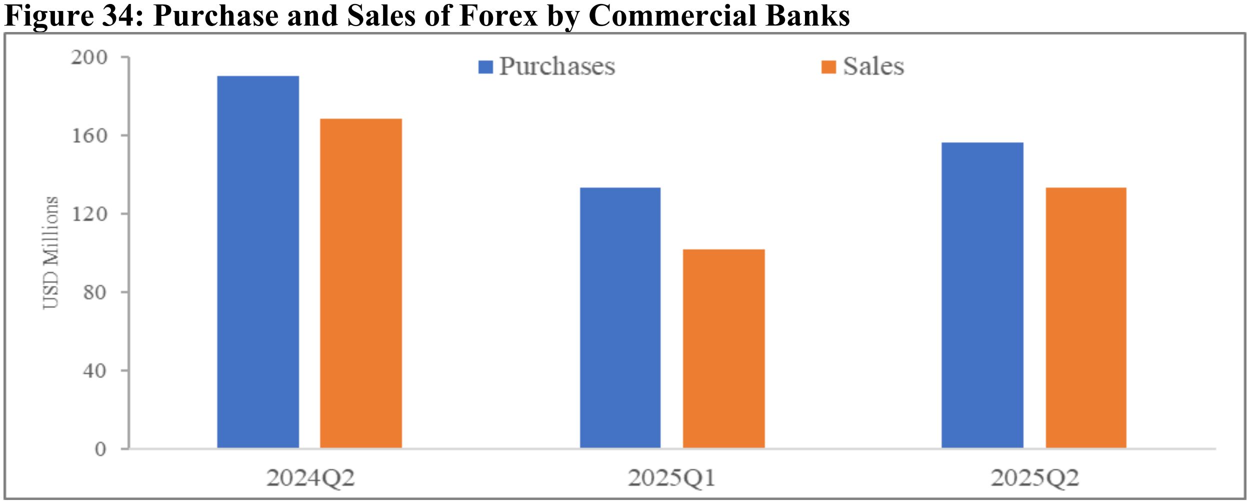


Source: World Bank, World Development Indicators, BSL Data Warehouse, Federal Reserve Economic Data

2.3.3 Foreign Exchange Market Turnover

Foreign exchange market turnover, representing the aggregate of purchases and sales executed by commercial banks, rose by 22.99 percent from USD235.47mn in 2025Q1 to USD289.61mn in 2025Q2, primarily driven by higher inflows from the services and mining sectors. Year-on-year, however, FX turnover declined by 19.25 percent from USD358.67mn in 2024Q2 to USD289.61mn in 2025Q2.

Figure 34: Purchase and Sales of Forex by Commercial Banks



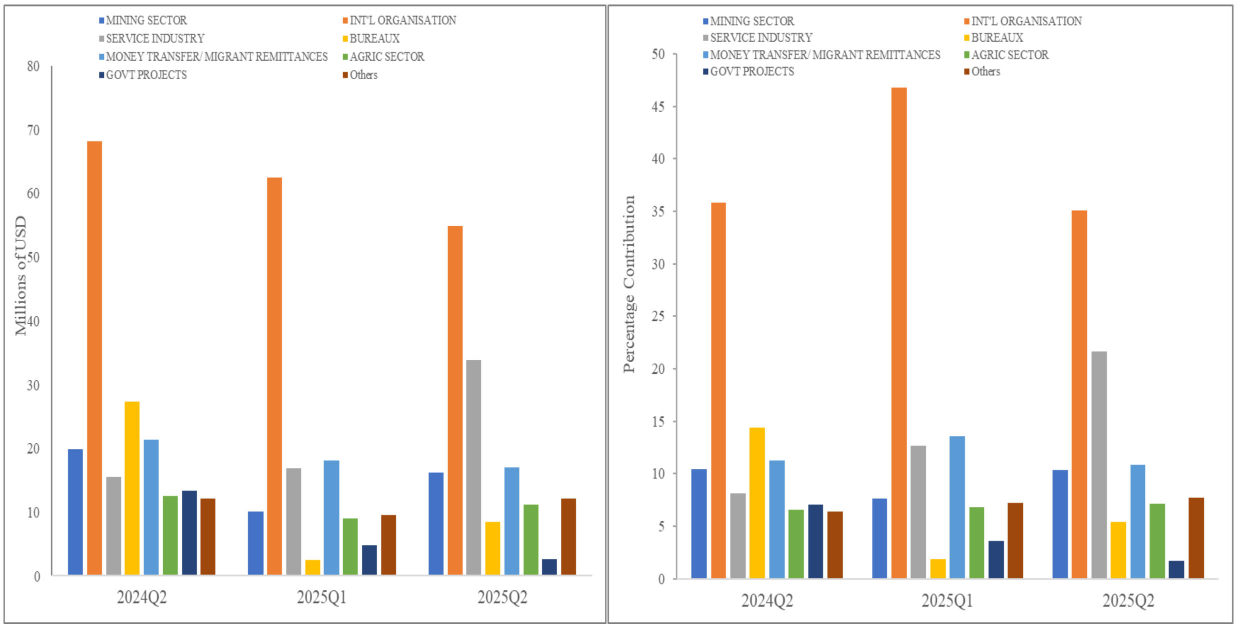
Source: BSL

Purchase of Forex by Commercial Banks

Total FX purchased by commercial banks increased by 17.21 percent from USD133.38mn in 2025Q1 to USD156.33mn in 2025Q2, signaling a recovery in inflows. This growth was driven by the services and mining sectors, which offset a reduction in contributions from international organizations. On a year-on-year basis, however, total FX purchase declined by 17.85 percent from USD190.31mn in 2024Q2 to USD156.33mn in 2025Q2, with the contraction primarily attributable to lower inflows from FX bureaus and international organizations.

Figure 35: Commercial Banks' Forex Purchases from Selected Sectors

FX Purchased by Sector – Volume | **Percentage Contribution of FX Purchased by Sector**



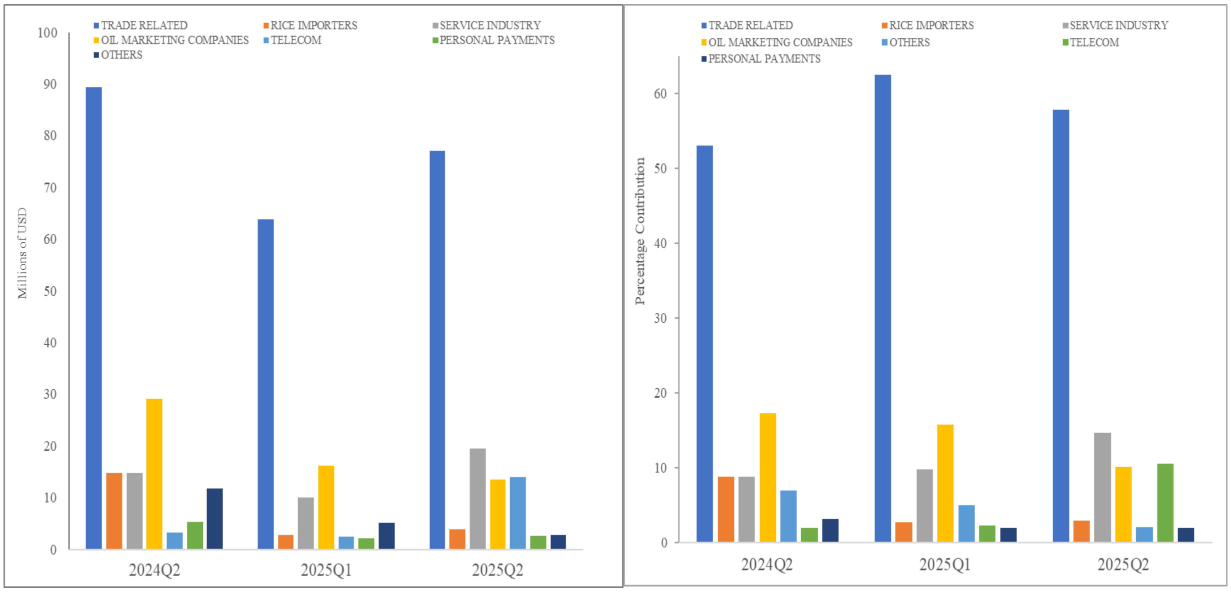
Source: BSL Note: Others include purchases from manufacturing sector, int'l brokerage firms, religious organizations, logistics & construction companies

Sale of Forex by Commercial Banks

Foreign exchange sales by commercial banks increased by 30.55 percent in the second quarter of 2025, rising from USD102.09mn in 2025Q1 to USD133.28mn in 2025Q2. This growth was primarily driven by higher FX demand for trade and service-related transactions. However, compared to the corresponding quarter of 2024, total FX sales remained lower, reflecting reduced foreign exchange allocations for trade-related imports, rice importation, and oil marketing companies.

Figure 36: Commercial Banks Sale of Forex to Selected Sectors

FX Sold by Sector – Volume **Percentage Contribution of FX Sold by Sector**



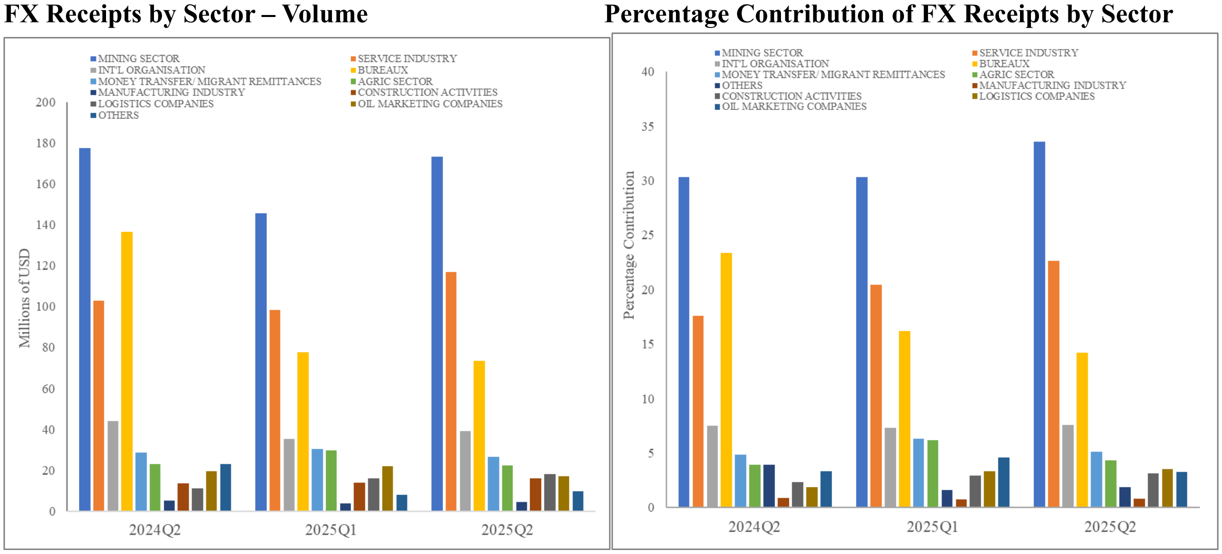
Source: BSL Note: Others include sale of forex to fishing companies, investment related, logistics & construction companies.

Receipt of Forex by Commercial Banks

Foreign exchange receipts by commercial banks increased by 7.57 percent in 2025Q2 compared to the previous quarter. The rebound was led by the FX inflows for the mining and service sectors, supported by moderate gains in construction, manufacturing, and logistics sectors. However, on a year-on-year basis, total FX receipts remained below 2024Q2 levels, largely reflecting declines in inflows from FX bureaus, oil marketing, and other smaller segments.

Figure 37: Receipts into CFC Accounts – Selected Sectors

FX Receipts by Sector – Volume **Percentage Contribution of FX Receipts by Sector**



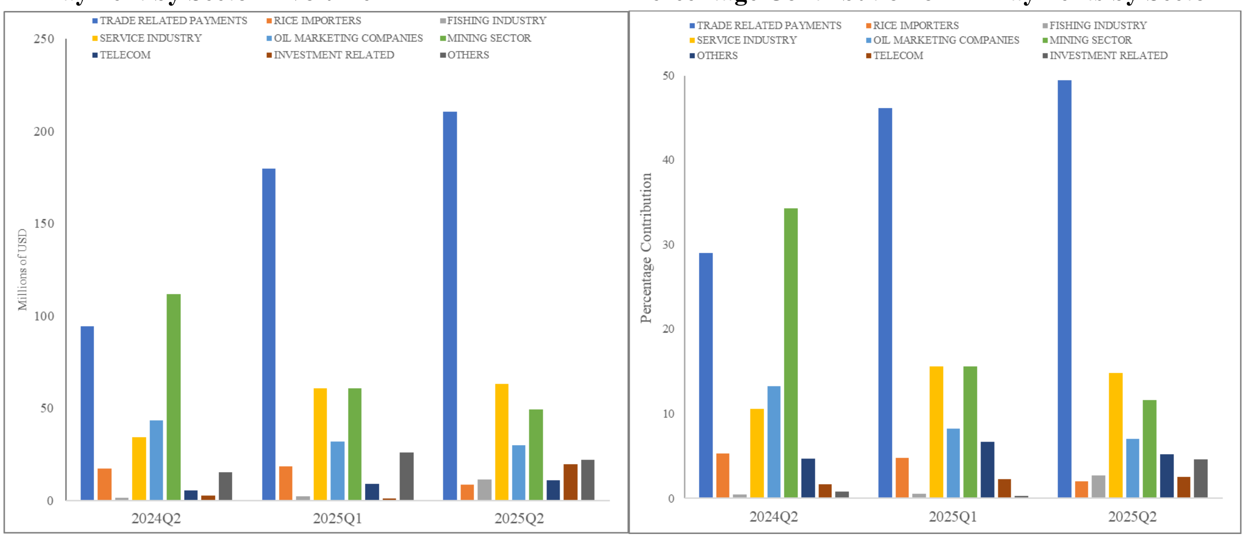
Source: BSL Note: Others include receipt of FX for fishing companies, telecommunication companies, int'l brokerage firms, religious organizations and manufacturing companies.

Forex Payments by Commercial Banks

Total FX payments by commercial banks increased 9.51 percent from USD389.14mn in 2025Q1 to USD426.13mn in 2025Q2, led by trade and investment-related payments, with notable increases in fishing and telecom sectors, while rice import and mining-related payments contracted. Compared to 2024Q2, total FX payments grew substantially, from USD325.46mn in 2024Q2 to USD426.13mn in 2025Q2, primarily from trade-related, service, telecom, and investment outflows. However, declines in mining and oil-related payments moderated the overall growth.

Figure 38: FX Payments by Selected Sectors

FX Payment by Sector – Volume | **Percentage Contribution of FX Payments by Sector**



Source: BSL Note: Others include FX payment for fishing companies, int'l brokerage firms, religious organizations, manufacturing and construction companies.

2.3.4 Outlook of the Foreign Exchange Market

The foreign exchange market remained relatively stable in 2025 with only moderate fluctuations in the exchange rate over the period. This stability is largely underpinned by BSL's tight monetary policy stance aimed at containing inflation and supporting the Leone, alongside the government's continued fiscal consolidation efforts and broader economic policies.

Looking ahead, pressures on the exchange rate are expected to emerge in the coming months with mild depreciation. This outlook reflects seasonal increases in import demand particularly for food, fuel and other trade related products as well as reduced FX inflows in 2025Q3, notably from the mining sector during its lean production period.

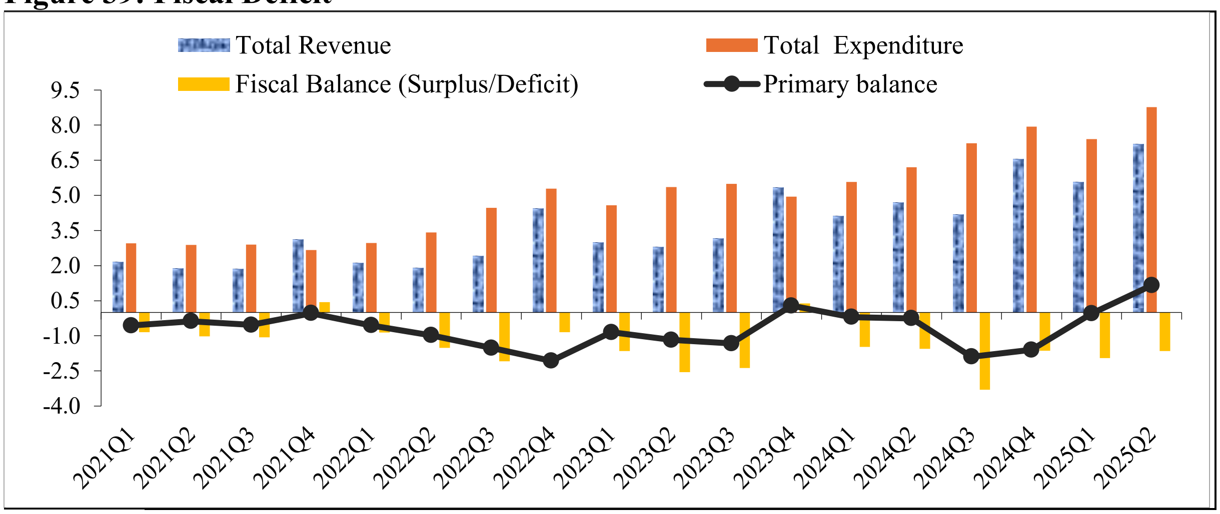
Although the FX market has so far demonstrated resilience, it remains sensitive to both domestic economic conditions and global developments. Ongoing monitoring of key economic indicators and timely policy responses will therefore be essential to maintaining stability and guiding the future trajectory of the exchange rate.

2.4 Fiscal Developments

2.4.1 Government Budgetary Operations

Government budgetary operations based on preliminary estimates in 2025Q2 show that the overall fiscal deficit narrowed from NLe1.95bn in 2025Q1 to NLe1.65bn. It was also lower than the quarterly target of NLe2.23bn. The improved fiscal outturn was driven by enhanced revenue mobilization which outpaced the increase in expenditure. Similarly, the primary balance registered a surplus of NLe1.16bn in 2025Q2 from a deficit of NLe0.50mn in 2025Q1.

Figure 39: Fiscal Deficit

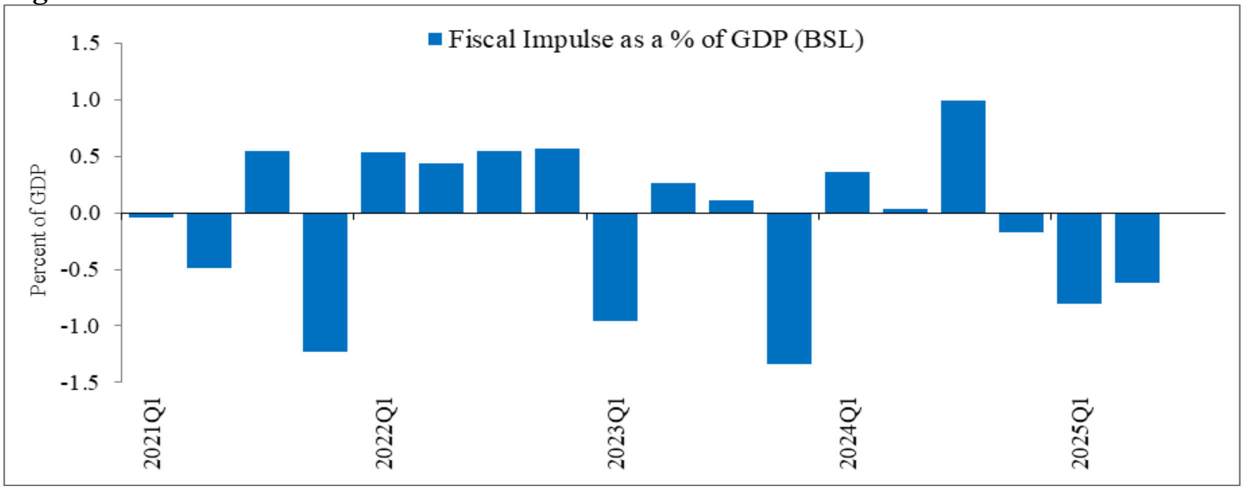


Source: MoF

2.4.1 Fiscal Policy Stance

Government fiscal policy continued to be contractionary during the review quarter with continued restraint on discretionary spending and complemented by strategies to enhance domestic revenue mobilization. The government also maintained a cautious approach to expenditure considering revenue generation challenges, debt vulnerabilities, global uncertainties, tighter financing conditions, and a slowdown in external budgetary support.

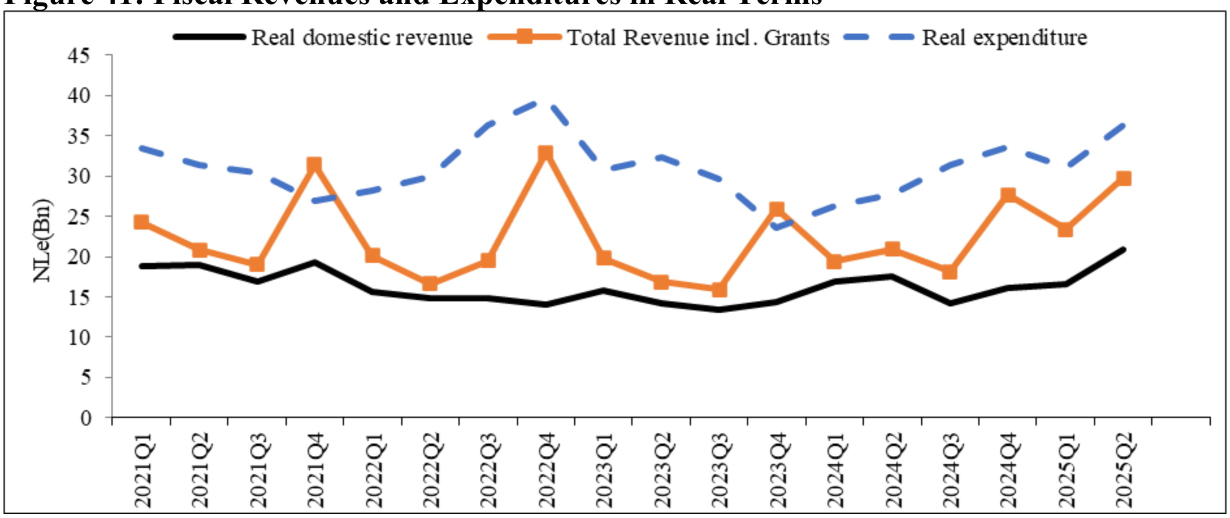
Figure 40: Fiscal Indicators



Sources: MoF & BSL

In real terms, total revenue including grants, domestic revenue, and expenditure increased in the review quarter, largely reflecting strengthened revenue mobilization efforts and expenditure rationalization.

Figure 41: Fiscal Revenues and Expenditures in Real Terms



Sources: MoF & BSL

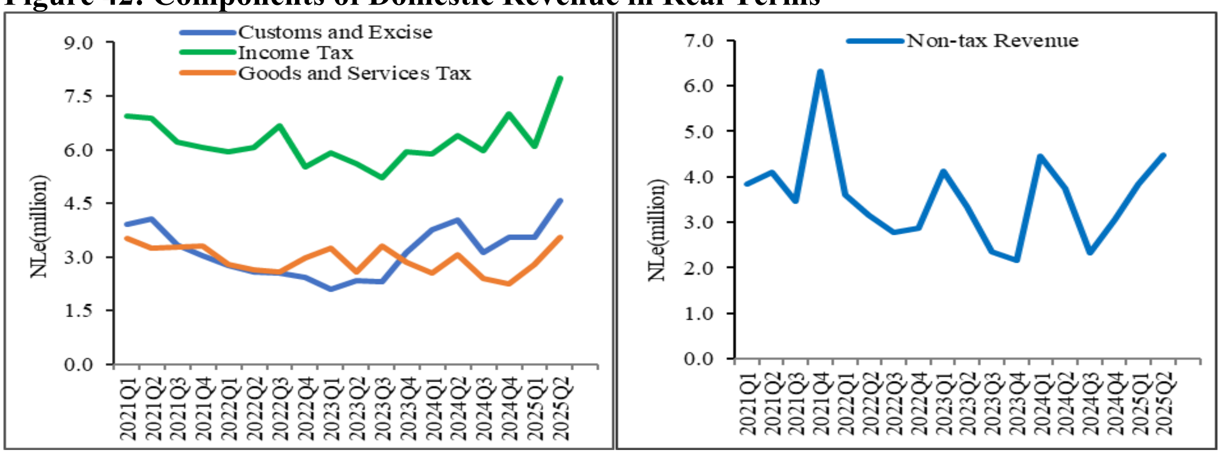
2.4.2 Government Revenues and Grants

Total government revenue including grants expanded from NLe5.57bn in 2025Q1 to NLe7.19bn in 2025Q2, exceeding the quarterly target of NLe6.65bn. The improved revenue performance was attributed to increase in both foreign grants received and domestic revenue mobilization. External grants rose from NLe1.63bn in 2025Q1 to NLe2.15bn in 2025Q2. The grants received were exclusively other projects and off budget grants, while there was no programme grant.

Domestic revenue expanded from NLe3.94bn in 2025Q1 to NLe5.04bn in 2025Q2, surpassing the quarterly target of NLe4.93bn. The expansion in domestic revenue collection was primarily driven by increased receipts from corporate income tax, royalties on iron ore, and excise duty on petroleum products.

Overall, both tax and non-tax revenue increased. Tax revenue rose from NLe2.96bn in 2025Q1 to NLe3.90bn in 2025Q2 but fell short of the quarterly target of NLe4.01bn. Despite increases across all major revenue components, total collection fell short of the target, reflecting weak compliance, underperformance in some revenue generating entities, and slower-than-expected receipts from the mining sector, particularly royalties from other minerals (e.g. diamond, rutile and bauxite etc.). Non-tax revenue also rose from NLe0.98bn in 2025Q1 to NLe1.14bn in 2025Q2, exceeding the target of NLe1.14bn. This reflects increased revenue collected from other revenues sources and dividend from parastatals.

Figure 42: Components of Domestic Revenue in Real Terms



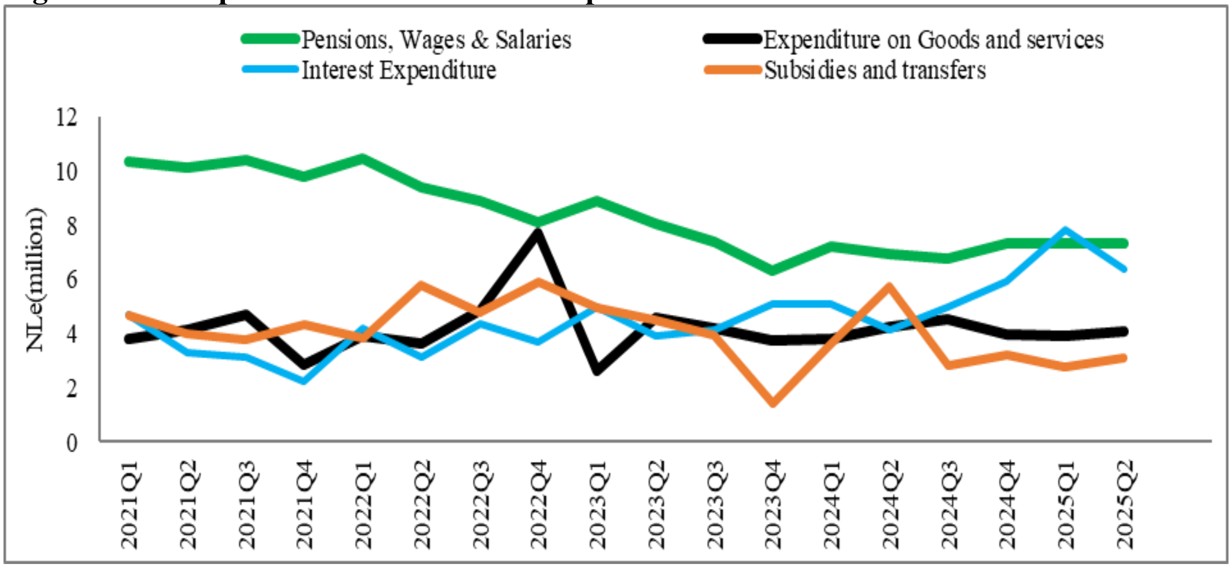
Source: MoF

2.4.3 Government Expenditures

Total expenditure and net lending increased from NLe7.40bn in 2025Q1 to NLe8.76bn in 2025Q2, driven by expansion in foreign-financed capital expenditure. Nonetheless, total expenditure was marginally below the quarterly target of NLe8.81bn due to a reduction in recurrent expenditure.

Capital expenditure rose from NLe2.19bn in 2025Q1 to NLe3.72bn in 2025Q2, slightly overshooting the ceiling of NLe3.24bn, due to the surge in foreign capital spending, while domestic capital outlays declined. Recurrent expenditure on the other hand contracted from NLe5.21bn in 2025Q1 to NLe5.04bn in 2025Q2 and was lower than the ceiling of NLe5.25bn. The decrease in debt service payments mainly contributed to the reduction of the recurrent spending, while the wage bill, non-salary non-interest expenditure increased.

Figure 43: Components of Government Expenditure in Real Terms



Source: MoF

2.4.4 Financing

The overall fiscal deficit of NLe1.65bn was mainly financed from foreign, domestic, and other sources. Domestic deficit financing amounted to NLe0.85bn, while foreign financing amounted to NLe0.71bn. Other sources of finance also recorded a net inflow of NLe0.89mn.

2.4.5 Fiscal Sector Outlook

Looking ahead, government will continue to prioritize fiscal consolidation to maintain macroeconomic stability. Consequently, all key fiscal indicator projections have been revised downward to reflect prevailing domestic and global challenges. Nonetheless, revenue performance is expected to strengthen, supported by anticipated implementation of the administrative and revenue generation measures by the authorities. In addition, prospective disbursements from developments partners, contingent on successful completion and approval of the program review, could provide a further boost to revenue. On the expenditure side, government will continue to prudently manage expenditures to ensure budget credibility and create fiscal space to enhance spending on key priority areas.

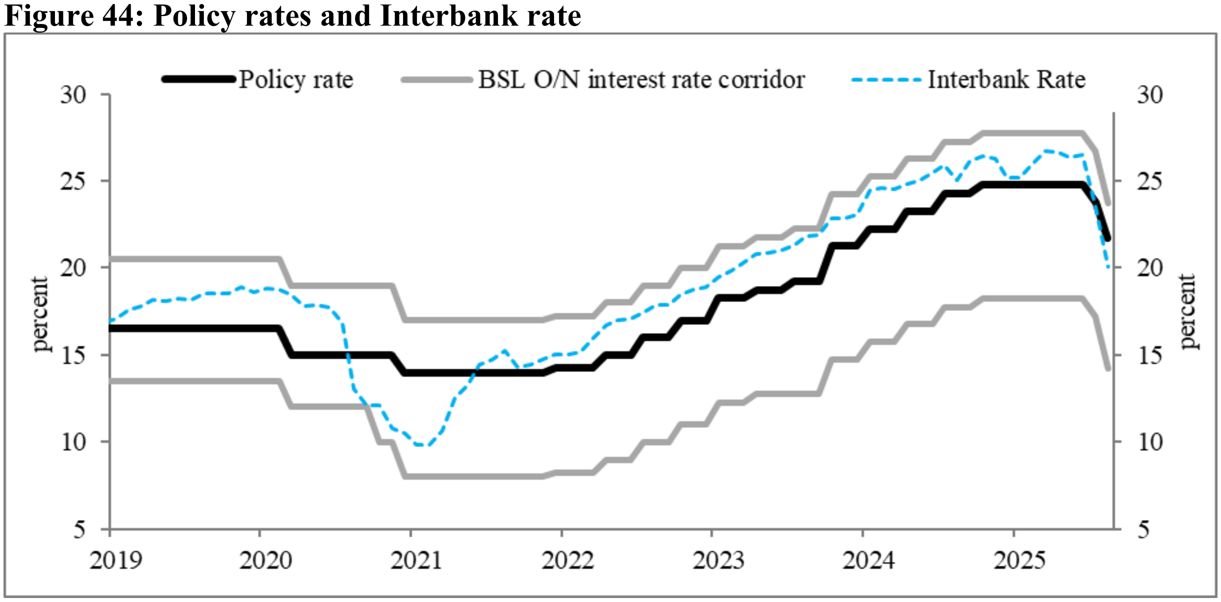
2.5 Money Markets Developments and Monetary Aggregates

2.5.1 Interest Rates Developments

Monetary Policy Stance

The Monetary Policy Committee (MPC) of the Bank of Sierra Leone, in response to improvements in the domestic macroeconomic environment and a more favorable balance of risks to the inflation outlook, held an emergency meeting on July 24, 2025. At this meeting, the Committee considered a further ease of the monetary policy stance to align with developments in the money market, ensure policy consistency, stimulate private sector credit and investment. The MPC therefore recommended a reduction of 2 percentage points in the MPR, bringing it to 21.75 percent and a 3 percentage point reduction in both the SLFR and SDFR to 23.75 percent and 14.25 percent, respectively. Also on 23 September 2025, the MPC met to review developments in the global and domestic macroeconomic environment and recommended a further reduction of the MPR by 3 percentage points to 18.75 percent and the SLFR and SDFR by 2 percentage points each, which were duly approved by the Board of Directors. In line with the improved liquidity conditions, the interbank rate declined from 26.70 percent in March 2025 to 26.49 percent in June, before easing further to 20.01 percent in September 2025. Despite these reductions, the interbank rate remained within the policy corridor, reflecting continued alignment with the Bank's liquidity management objectives and the broader monetary policy stance.

Figure 44: Policy rates and Interbank rate



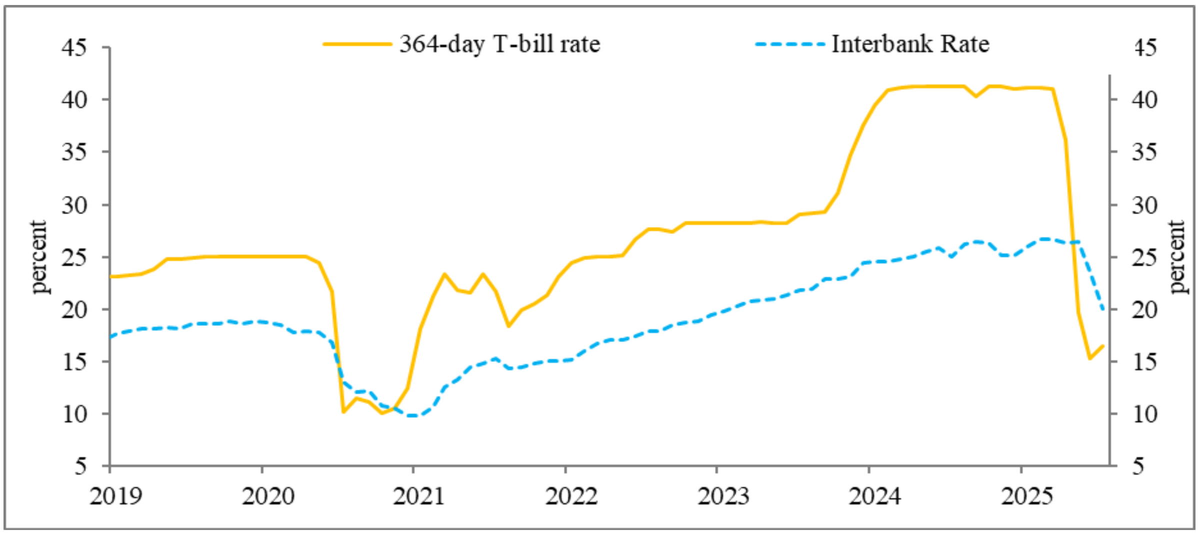
Source: BSL

Treasury Bill (T-bills) Rates

The yield on 364-day Treasury bills stood at 41.22 percent in March 2025, subsequently declining to 19.71 percent in June 2025, and further decreased to 17.01 percent by September 2025. Similarly, the annual yield for 182-day Treasury bills was 29.19 percent in March 2025; however, no 182-day Treasury bills were issued in June or July 2025 due to yields misaligned with prevailing market conditions. By September 2025, the yield on 182-day Treasury bills had decreased to 15.00 percent. In contrast, the 91-day Treasury bill market continued to exhibit significant illiquidity, with yields failing to align with the underlying economic and financial environment.

The decline in Treasury bill yields was driven by several factors, including the sustained reduction in inflation, the BSL's continued tightening monetary policy stance, ongoing fiscal consolidation efforts, and a moderation in the government's borrowing requirements.

Figure 45: Yield on the 364-day T-bill and Interbank Rates



Source: BSL

Interbank Money Market

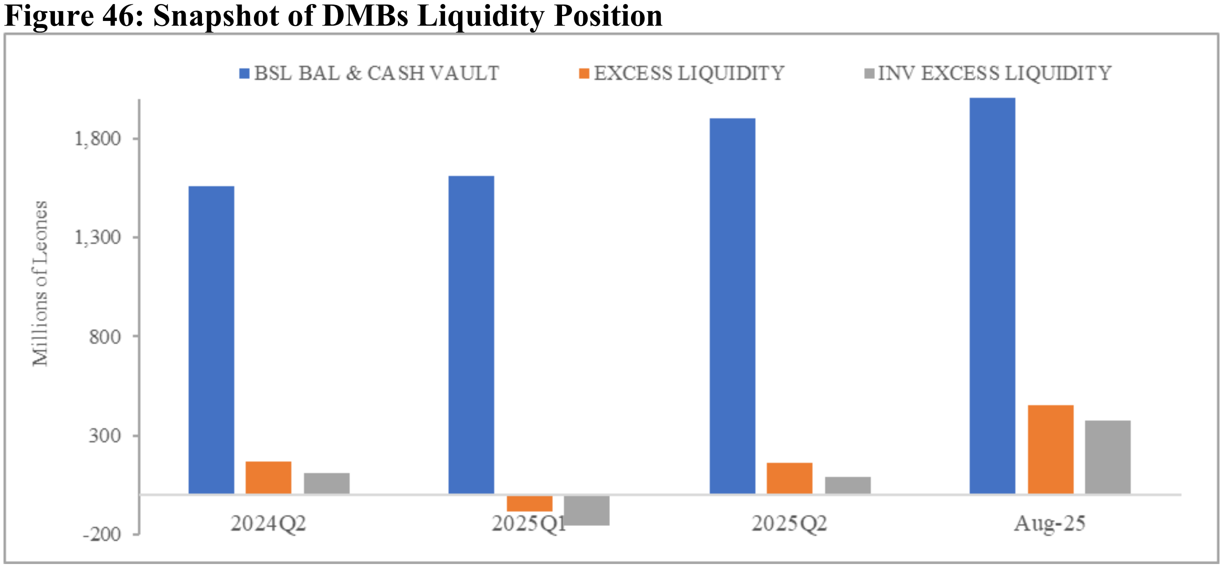
Throughout the review period, the interbank money market experienced a significant enhancement in intermediation, reflecting improved liquidity conditions within the banking system. Interbank transaction volumes rose markedly by 307.57 percent, increasing from NLe384.75 million in 2025Q1 to NLe1,568.13 million by the close of 2025Q2. By the end of August 2025, interbank activity further expanded by 131.07 percent, reaching NLe3,623.45 million, indicating a tempered pace of growth in transaction volumes.

Access to the Bank of Sierra Leone's (BSL) Standing Lending Facility (SLF) decreased, further underscoring the easing liquidity conditions in the banking sector. The volume of SLF transactions fell by 3.06 percent, from NLe100,116.50 million in 2025Q1 to NLe97,056.77 million by the end of 2025Q2. By the end of August 2025, SLF transactions stood at NLe63,154.00 million. No transactions were recorded in the Standing Deposit Facility (SDF) window during 2025Q2 or August 2025.

2.5.2 Liquidity in the Banking System

Total liquidity in the banking system rose by 18.15 percent, from NLe1,607.07 million in 2025Q1 to NLe1,898.77 million at the end of the second quarter of 2025. By the end of August 2025, liquidity in the banking system had increased further by 16.71 percent, reaching NLe2,216.04 million. The aggregate volume of excess liquidity also expanded during the review period, growing by 295.72 percent from a deficit of NLe81.99 million in 2025Q1 to NLe160.47 million at the end of the second quarter of 2025. This upward trend continued into August 2025, with the aggregate excess liquidity position advancing to NLe451.97 million. The observed enhancement in banking system liquidity can primarily be attributed to policy adjustments and a moderation in government borrowing during the review period.

Figure 46: Snapshot of DMBs Liquidity Position



Source: BSL

Holdings of marketable government securities

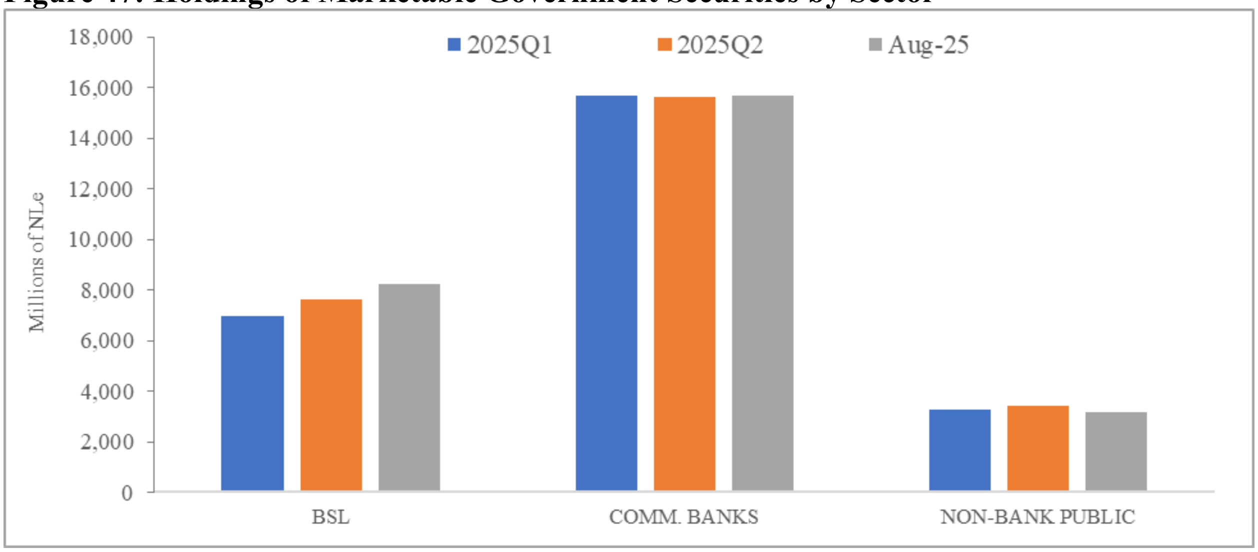
In 2025Q2, holdings of marketable government securities by BSL and the non-bank public increased compared to the previous quarter, while commercial banks' holdings experienced a slight decline.

The BSL's holdings of marketable government securities rose by 9.88 percent, from NLe6,963.22mn in 2025Q1 to NLe7,651.20mn in 2025Q2. By August 2025, these holdings increased further by 7.54 percent, reaching NLe8,228.19mn.

Non-bank public holdings of marketable government securities increased by 5.76 percent, from NLe3,253.10mn in 2025Q1 to NLe3,440.45mn in 2025Q2. However, by August 2025, these holdings declined by 8.04 percent to NLe3,164.00mn.

Commercial banks' holdings of marketable government securities saw a marginal decrease of 0.28 percent from NLe15,674.16mn in 2025Q1 to NLe15,630.85mn in 2025Q2. By August 2025, these holdings slightly increased by 0.30 percent, reaching NLe15,677.77mn.

Figure 47: Holdings of Marketable Government Securities by Sector



Source: BSL

2.6 Monetary Aggregates

Monetary aggregates showed mixed developments during the second quarter of 2025; Reserve Money (RM) contracted slightly while Board Money (M2) grew moderately.

Reserve Money (RM)

Reserve Money (RM) contracted marginally by 0.001 percent in 2025Q2, following a significant decline of 6.36 percent in 2025Q1. The marginal contraction in RM was primarily driven by a sharp deterioration in the Net Foreign Assets (NFA) of the Bank of Sierra Leone (BSL), which more than offset the expansion in the Net Domestic Assets (NDA) of the BSL. The NFA of the BSL declined by 12.90 percent in 2025Q2, compared to a 5.91 percent contraction in 2025Q1.

This continued deterioration reflects sustained drawdowns in foreign reserves as the government met its international financial obligations. Conversely, the NDA increased by 4.74 percent in 2025Q2, following a 2.20 percent contraction in the preceding quarter. The expansion in the Net Domestic Assets (NDA) was largely driven by an increase in the Bank of Sierra Leone's net claims on the government, which grew by 2.65 percent in 2025Q2, compared to a higher growth rate of 4.82 percent recorded in 2025Q1.

On the liability side, the contraction in Reserve Money (RM) was primarily driven by a 0.34 percent decline in commercial banks' reserves held at the Central Bank, which more than outweighed the 0.11 percent increase in currency issued during the review period.

Reserve Money (RM) recorded a year-on-year growth of 19.87 percent in 2025Q2, from 14.13 percent increase in 2025Q1. Despite this, the actual RM remained below the 36.10 percent of the 2025Q2 program target agreed with the IMF.

Broad Money (M2)

Broad Money (M2) grew by 2.16 percent in 2025Q2, slightly lower than the 2.36 percent growth recorded in 2025Q1. The expansion in M2 was primarily attributed to the increase in Net Domestic Assets (NDA) of the banking system which more than offset the contraction in the Net Foreign Assets (NFA) of the banking system.

Net Domestic Assets (NDA) of the banking system expanded by 4.69 percent in 2025Q2, slightly above the 4.32 percent growth recorded in 2025Q1. This increase was largely underpinned by an expansion in net claims on government by the banking sector, which grew by 3.34 percent, albeit at a slower pace compared to the 7.39 percent expansion in 2025Q1. Net claims on government by the commercial banks increased by 3.91 percent in 2025Q2 from 9.60 percent expansion in 2025Q1. Net claims on government by the BSL grew by 2.65 percent in 2025Q2 following an expansion of 4.82 percent in 2025Q1. Extension of Credit to the Private Sector by commercial banks moderated to 3.55 percent in 2025Q2 compared to a 15.51 percent increase in 2025Q1. The sharp moderation in private sector credit suggests a tightening in credit conditions which could have implications for private investment and economic activity going forward.

The Net Foreign Assets (NFA) of the banking system contracted by 13.72 percent in 2025Q2, compared to the 8.41 percent decline recorded in 2025Q1. The contraction in the NFA of the banking system was primarily driven by the 12.90 percent deterioration in the NFA of the Bank of Sierra Leone (BSL). NFA of the commercial banks increased marginally by 0.96 percent during the same review period. The sustained decline in NFA was due to persistent external sector pressures, including drawdowns in foreign reserves and increased foreign liabilities.

Broad Money(M2) recorded a year-on-year growth of 22.99 percent in 2025Q2 following a 19.96 percent growth in the corresponding period.

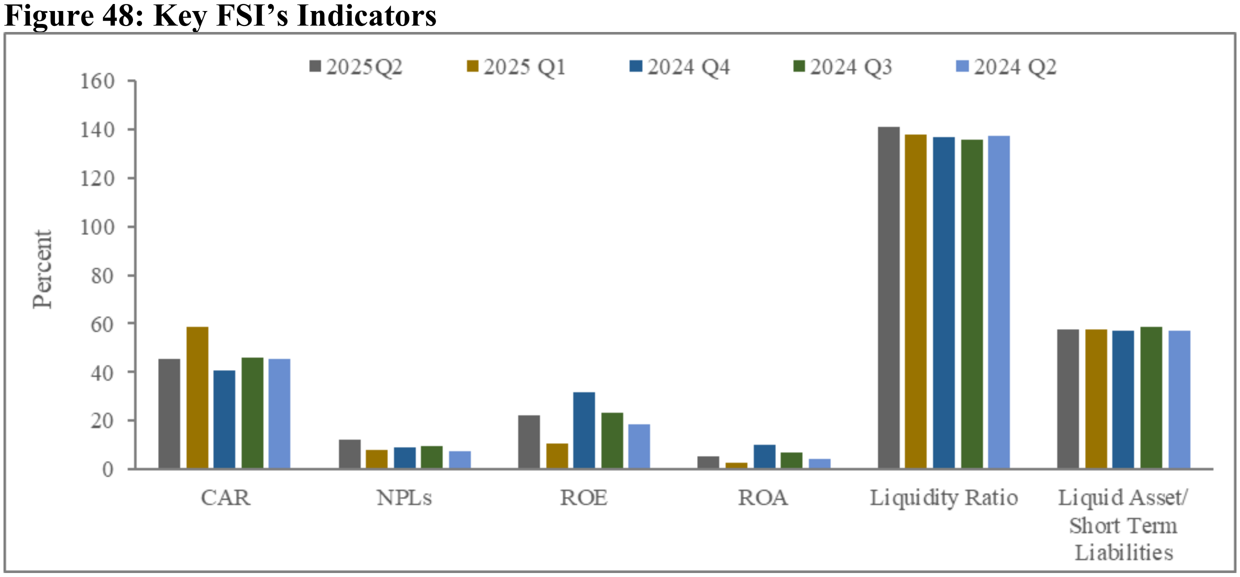
3. FINANCIAL STABILITY ANALYSIS

3.1 Financial Soundness Indicators (FSIs)

The banking sector continued to be stable and sufficiently capitalised. Most of the key FSIs remained within regulatory thresholds stipulated by BSL. This stability was further validated by the stress test results on the interest rate sub scenario. The regulatory capital to risk-weighted assets denoted by the Capital Adequacy Ratio (CAR) reduced to 45.3 percent in 2025Q2 from to 58.6 percent in 2025Q1 but remained comfortably above the regulatory minimum of 15 percent, indicating the accumulation of sufficient capital by banks to absorb losses.

Asset quality deteriorated in 2025Q2 as the ratio of non-performing loans to gross loans increased from 8.2 percent in 2025Q1 to 12.4 percent in 2025Q2 exceeding the 10 percent ceiling. Banks however, continued to be profitable as indicated by the system's profitability indicators, Return on Asset (ROA) and Return on Equity (ROE) at 5.6 percent and 22 percent respectively as of 2025Q2 from 2.9 percent and 10.9 percent respectively in 2025Q1. The Liquidity Ratio in the Banking Sector increased in 2025Q2 to 141 percent relative to 138.1 percent in 2025Q1. Liquid Assets to Short Term Liabilities marginally decreased from 57.8 percent in 2025Q1 to 57.4 percent in 2025Q2 indicating that the banks continued to be highly liquid due to more than proportionate increase in short term funds. Loans to Deposit Ratio marginally decreased to 24.4 percent in 2025Q2 from 24.5 percent in 2025Q1 and remained far below the regulatory threshold of 80 percent, indicating low level of financial intermediation by commercial banks to support economic growth.

Figure 48: Key FSI's Indicators

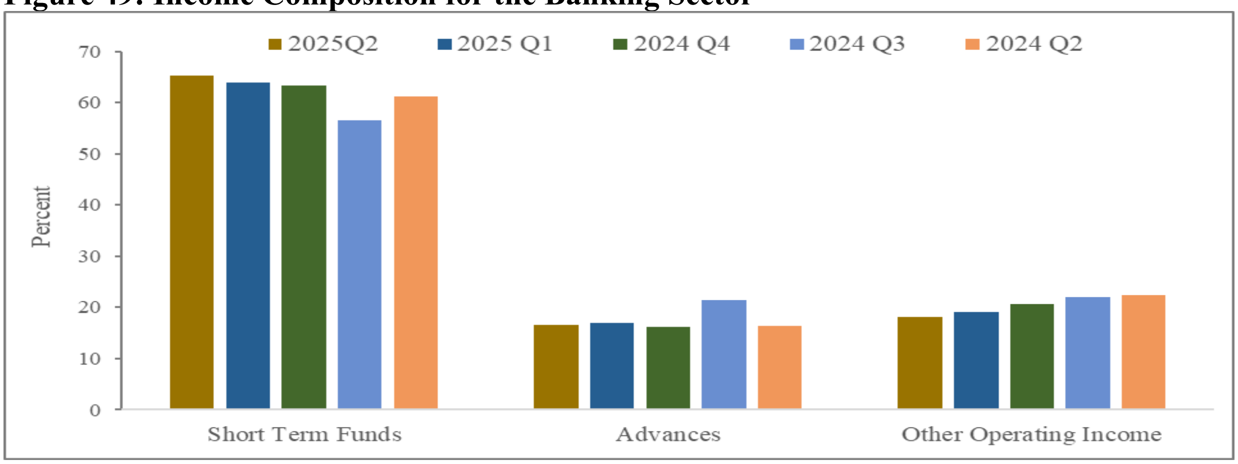


Source: BSL

3.2 Income Composition

The banking sector continued to rely primarily on government securities as its main source of income. Initially, this was mainly because rates of government securities were higher compared to average lending rate and there was zero risk on government securities investment. This trend is expected to change as the interest rate of government securities has been decreasing. As of 2025Q2, the yield on the 364-days T-Bills was 15.8 percent, far below the yield of 41.3 percent as at the end of 2025Q1 for the same tenure. The proportion of income from short-term funds marginally increased to 65.3 percent as of 2025Q2, from 64 percent in 2025Q1. On the other hand, income from loans and advances marginally decreased to 16.6 percent as of 2025Q2 from 16.9 percent in 2025Q1. Other operating income, which consist mainly of commissions, fees and profits on foreign exchange dealings, also decreased to 18.1 percent as of 2025Q2 from 19 percent in 2025Q1.

Figure 49: Income Composition for the Banking Sector



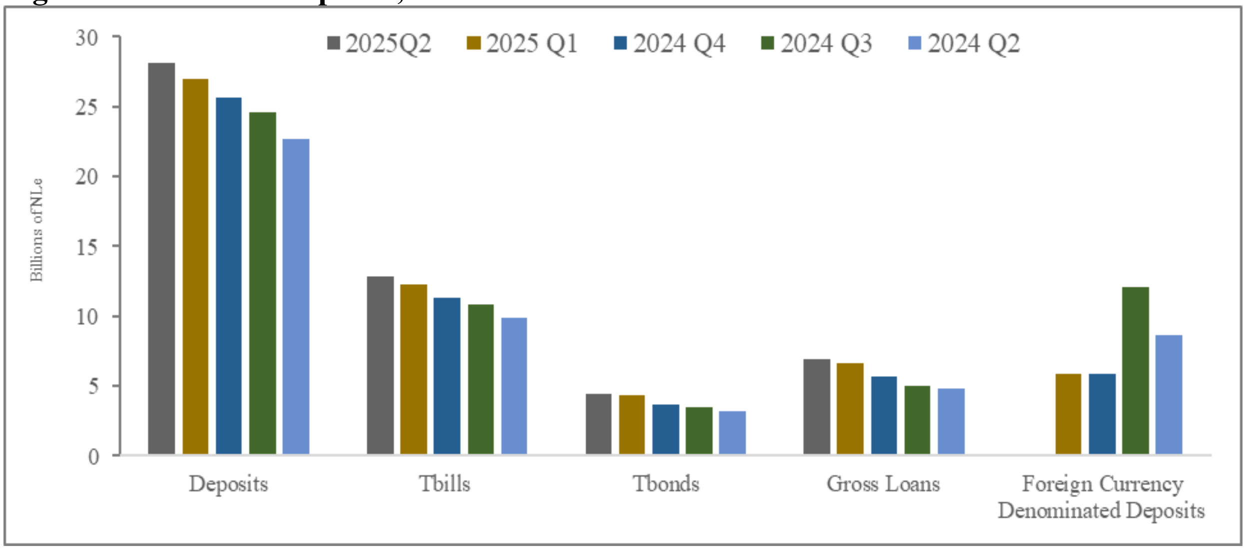
Source: BSL

3.3 Sources and Utilization of Funds

- Total Deposits, which is the main source of funds for banks, increased by 4 percent in 2025Q2 to NLe28.1 billion from NLe27 billion in 2025Q1 of which demand, savings and time deposits accounted for 76.7 percent, 20.0 percent and 3.3 percent respectively in 2025Q2 from 77.0 percent, 19.6 percent and 3.4 percent respectively in 2025Q1.
- T-Bills holdings by the banking sector only marginally increased by 4.0 percent from NLe12.3 billion in 2025Q1 to NLe12.8 billion in 2025Q2 due to decreases in interest rates in the interbank market.
- T-Bonds holdings by the banking sector also marginally increased by 2.8 percent from NLe4.3 billion in 2025Q1 to NLe4.4 billion as of 2025Q2.

- The Loan to Deposit Ratio marginally decreased to 24.4 percent in 2025Q2 from 24.5 percent in 2025Q1 and remained far below the prudential threshold of 80 percent, indicating low intermediation in the banking sector.
- Gross loans and advances marginally increased by 3.7 percent from NLe6.6 billion in 2025Q1 to 6.9 billion in 2025Q2.

Figure 50: Trend in Deposits, T-bills and Gross Loans

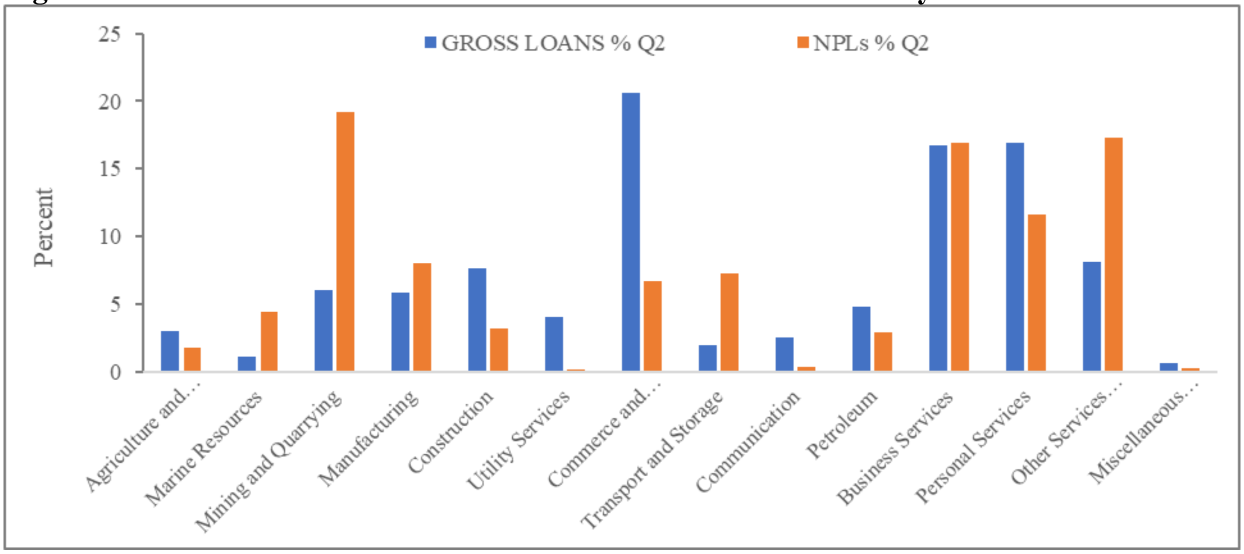


Source: BSL

3.4 Sectoral Distribution of Gross Loans & Advances and NPLs

Commerce and Finance, Personal Services, Business Services, Other Services, and Construction sectors dominated the loan portfolios of the banking sector in 2025Q2. These five sectors accounted for 70.1 percent of gross loans in 2025Q2. On the contrary, Mining and Quarrying, Other Services, Business Services, Personal Services, and Manufacturing sectors contributed the most to NPLs, accounting for 73 percent of the total NPLs of the banking sector. In terms of sectoral NPLs, the Mining and Quarrying sector had the highest NPLs ratio, accounting for 19.2 percent of the total NPLs of the banking sector, followed by Other Services Sector at 17.3 percent, both accounting for 36.4 percent of NPLs.

Figure 51: Sectoral Distribution of Gross Loans and NPLS Share by Sector

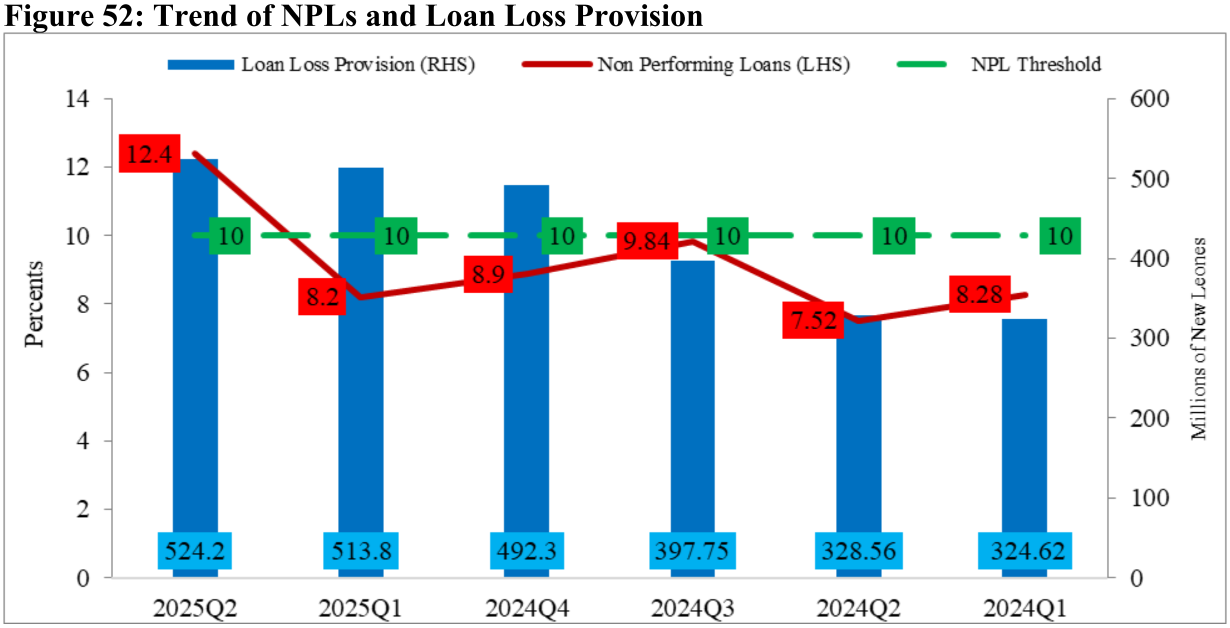


Source: BSL

3.5 NPL Trends and Loan Loss Provisions

The proportion of Non-Performing Loans (NPLs) to gross loans increased within the review period of 2025Q2. The NPLs ratio for 2025Q2 deteriorated from 8.2 percent in 2025Q1 to 12.4 percent. Similarly, Loan Loss Provisions increased by 2.0 percent to NLe524.2 million in 2025Q1 from NLe513.8 million in 2025Q2.

Figure 52: Trend of NPLs and Loan Loss Provision

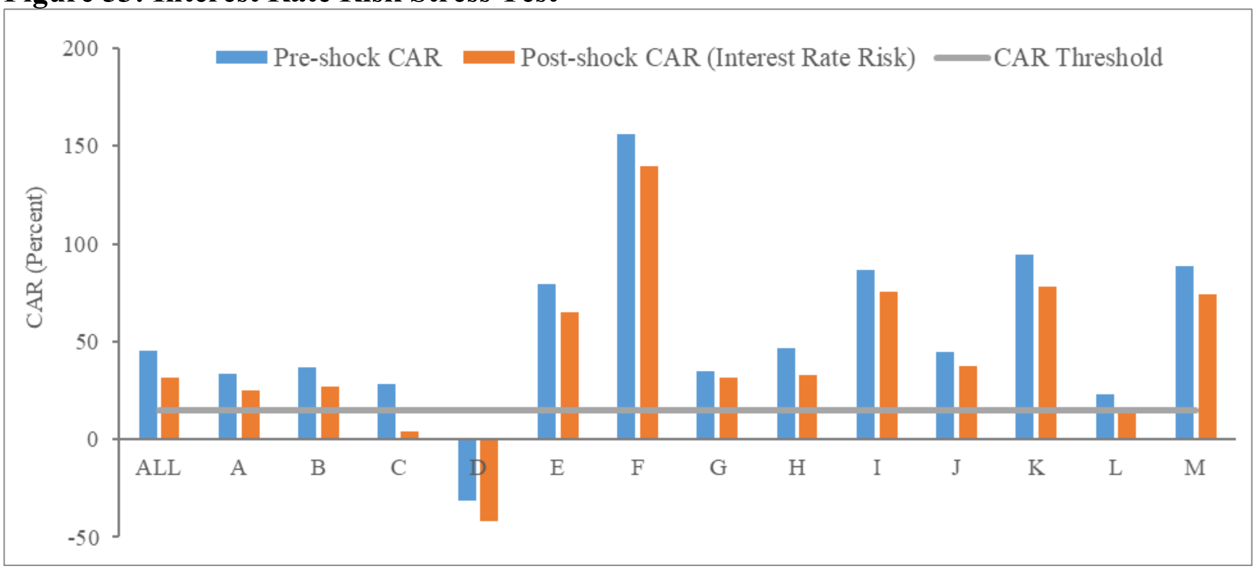


Source: BSL

3.6 Resilience of the Banking Sector

The banking sector demonstrated resilience to the interest rate shock scenario, which assumed a 50 percent decline in the yields of 364-day Treasury Bills (T-Bills), from 15.8 percent as of the end of June 2025. Under this assumption, the sector's overall CAR remained substantially above the 15 percent regulatory threshold, despite declining from 45.3 percent to 31.2 percent. However, the CAR of two individual banks fell below the minimum 15 percent requirement. This interest rate risk sub-scenario evaluates the impact of such changes on the value of government securities held by commercial banks, a critical assessment given that most institutions maintain significant investments in 364-day T-Bills, which are regarded as low-risk assets offering superior returns relative to alternative investment options.

Figure 53: Interest Rate Risk Stress Test



Source: BSL

3.7 Risks and Vulnerabilities to the Stability of the Banking Sector.

Despite the stability of the financial system, there are some risks and vulnerabilities, which could pose threats to the banking sector as follows:

High levels of NPLs pose a Financial Stability Risk

While the aggregate capital adequacy ratios remain strong and well above the minimum threshold, asset quality continues to be a concern. The NPLs deteriorated in the review period and went above the maximum limit of 10 percent and there were also significant variations, with five banks recording NPLs far above the maximum threshold, four of which are local banks. Additionally, three sectors, namely, Mining and Quarrying, Other Services and Business Services sectors are particularly susceptible to higher NPLs.

Limited Intermediation to Support Economic Growth

Banks are not providing sufficient credit to the private sector, partly due to the crowding-out effect from heavy investments in government securities. Lending remains concentrated among a few sectors and large corporate clients. Only six out of thirteen commercial banks have lending levels which exceeded 25 percent of their total deposits in the review period.

Banking Sector Earnings Heavily Reliant on Government Securities Investments

Commercial banks predominantly depend on customer deposits to finance investments in government securities. This heavy reliance may expose banks to substantial earnings risks in the event of declining interest rates, particularly amid reduced government borrowing demand, as observed in recent months.

Fraud, Cybersecurity and Information Technology Threat

The transition from conventional banking to technology-driven operations has heightened the sector's vulnerability to cybersecurity threats and fraud. Incidents of cybercrime and fraudulent activities have increased across the banking system.

3.8 Banking Sector Outlook

An increase in Non-Performing Loans (NPLs) is anticipated if decisive measures are not enforced to ensure banks maintain robust credit management practices and strengthen their internal controls. Bank profitability is expected to decline should interest rates on government securities continue their downward trend, given the significant exposure of banks to this investment class.

The Prudential Committee, established in response to the growing incidence of fraud, will play a critical role in enhancing regulatory oversight, reinforcing compliance with internal controls, and safeguarding the integrity of financial operations. At the same time, regulatory strengthening efforts will prioritize the enhancement of governance structures, risk management frameworks, and the development of tailored guidelines for systemically important banks, thereby improving the sector’s overall resilience.

In addition, continuous stress testing will be undertaken to reinforce supervision of systemically important banks and to evaluate their capacity to absorb potential losses under conditions of financial stress.

4. CONCLUSION AND DECISION OF THE MPC

4.1 Conclusion

Inflationary pressures have moderated over the past year, with headline inflation decreasing to 5.85 percent in August 2025 from 6.45 percent in July 2025. This decline is primarily attributed to lower global and domestic commodity prices, supported by prudent monetary and fiscal policies and a relatively stable exchange rate. Nevertheless, ongoing global uncertainties, including trade policy shifts, geopolitical tensions, and climate-related challenges present potential risks to the inflation and economic growth outlook. These factors underscore the importance of vigilant monitoring of economic developments and the implementation of timely policy responses.

Real GDP is projected to grow by 4.5 percent in 2025 from 4.3 percent in 2024, driven by enhanced performance in the agriculture, services, and mining sectors. Additionally, the CIEA and business sentiment survey indicate improved economic conditions and heightened business confidence in the second quarter of 2025 compared to the first quarter. However, the MPC underscored that sustained economic stability and growth will depend on the consistent implementation of robust macroeconomic policies and structural reforms.

The overall fiscal deficit has contracted, driven by enhanced revenue collection that surpassed the rise in government expenditure. This progress reflects the government's commitment to fiscal consolidation and prudent expenditure management. The MPC also observed a decline in the 364-day treasury bill rate, indicating the government's efforts to reduce domestic borrowing costs. This development creates additional fiscal space and supports a sustainable debt profile.

The Monetary Policy Committee acknowledged the stability of the banking system, as demonstrated by robust capital adequacy ratios, enhanced profitability, and strong liquidity. However, the Committee highlighted potential risks to financial stability, including non-performing loans, cybersecurity threats, and instances of fraud. To mitigate these risks, the MPC urged the Bank of Sierra Leone to strengthen its regulatory oversight to ensure the continued stability of the financial system.

In conclusion, the Committee noted that ongoing geopolitical tensions and an uncertain trade policy environment pose risks of disrupting global supply chains, potentially leading to elevated commodity prices and heightened inflationary pressures. Nevertheless, strengthened domestic macroeconomic conditions are anticipated to mitigate the impact of these global risks. Inflation expectations remain well-anchored, with forecasts indicating a continued decline in headline inflation. Furthermore, the Leone has maintained relative stability against major trading currencies, government borrowing costs have significantly decreased, and the banking sector continues to demonstrate resilience.

4.2 Decision of the MPC

The Committee recognized the beneficial effects of BSL’s prudent monetary policy, the relative stability of the exchange rate, and the rise in domestic food production in alleviating inflationary pressures. The inflation rate of 5.85 percent recorded in August 2025 was below the 2025 target of 14.90 percent established under the IMF-ECF program and is expected to continue in single digits in the near term. Nevertheless, the Committee highlighted uncertainties in the inflation forecast, including ongoing geopolitical tensions, trade policy shifts and related supply chain disruptions, which could undermine the attainment of the medium-term inflation target.

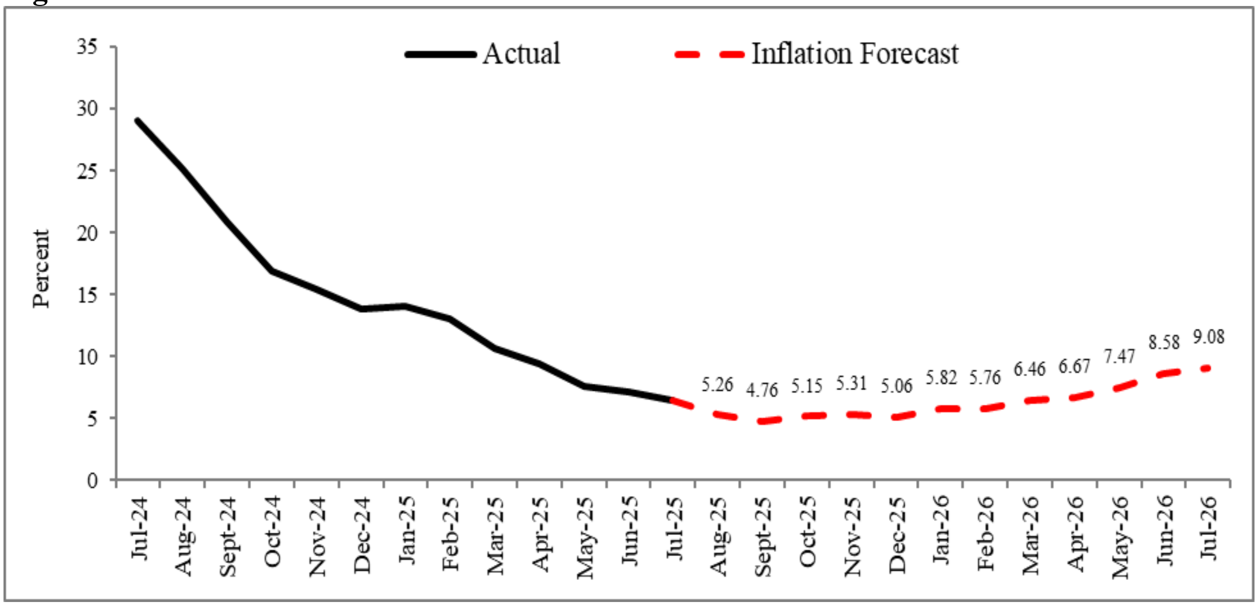
Following a thorough evaluation of current global and domestic macroeconomic and financial market conditions, the Monetary Policy Committee recommended, for the consideration and approval of the Board of Directors of the Bank of Sierra Leone, a reduction in the Monetary Policy Rate by 3 percentage points to 18.75 percent. Additionally, the MPC proposed lowering the Standing Lending Facility and Standing Deposit Facility rates by 2 percentage points to 21.75 percent and 12.25 percent, respectively. The Board of Directors duly approved the MPC's recommendations.

5. APPENDIX

Inflation forecast

Inflationary pressures are expected to fluctuate in the coming period with the combined forecast indicating that the inflation rate will remain in single digits over the forecast horizon. The forecast indicates short-term stability through the end of 2025, followed by a gradual rise in early 2026 and a significant acceleration by mid-2026. Inflation is projected to peak at 9.08 percent in July 2026, nearly doubling from the September 2025 low of 4.76 percent.

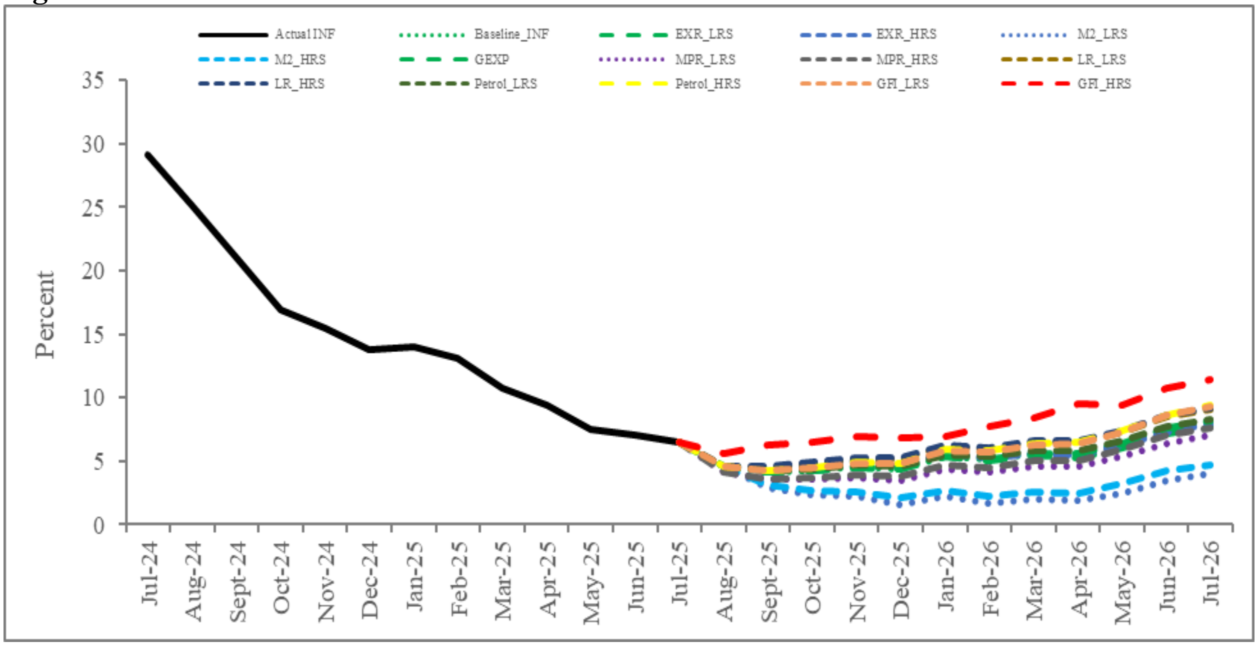
Figure 54: Combined Inflation Forecast



Source: BSL

In scenarios characterized by heightened risk, pivotal elements such as food prices remain the dominant source of inflationary pressure, posing the most significant upside risk. In contrast, restrained growth in broad money supply is observed to anchor inflation closer to the lower bound of projected outcomes.

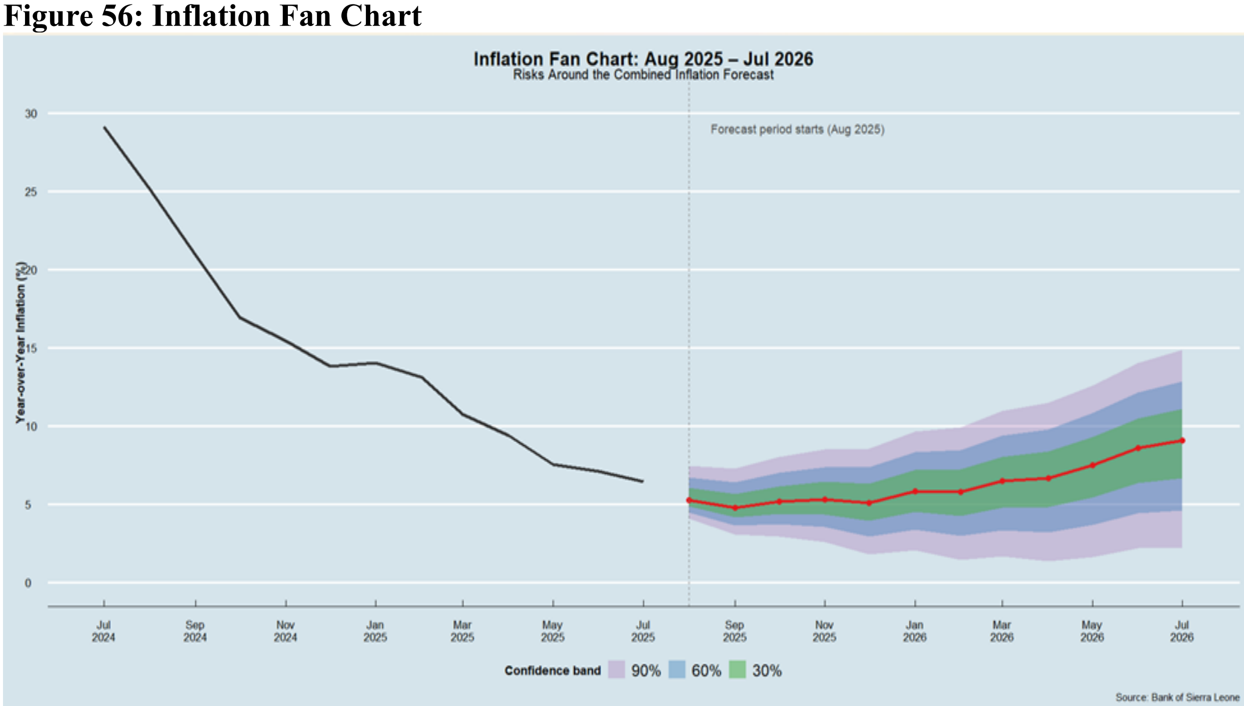
Figure 55: Combined Scenario Forecast



Source: BSL

The fan chart indicates a 90 percent confidence interval for inflation, projecting that it will range between 1.32 percent and 14.85 percent within the forecast horizon.

Figure 56: Inflation Fan Chart



Source: BSL Staff calculations

Risks to inflation outlook are largely tilted to the downside due to factors such as:

1. The tightening of the Monetary Policy Rate as a higher MPR can reduce excess liquidity, curb speculative borrowing and counteract inflationary pressures thus leading to a more stable price environment.
2. The continued fiscal consolidation will also continue to help inflation to be on the downside.

However, some of the risks to inflation on the upside could be:

1. A surge in global food and energy prices, supply chain disruptions, geopolitical tensions or climate related shocks.
2. Shortage of key goods and services particularly in import-dependent sectors could push production costs higher, feeding into consumer price inflation.

Table 1: Summary of Global Growth Projections (Percent)

		Est.	WEO April 2025 Updates		WEO July 2025 Updates		CHANGE IN Projections	
	2024	2025	2025	2026	2025	2026	2025	2026
World Output	**3.3**	**3.0**	**2.8**	**3.0**	**3.0**	**3.1**	**0.2**	**0.1**
Advanced Economies	**1.8**	**1.5**	**1.4**	**1.5**	**1.5**	**1.6**	**0.1**	**0.1**
United States	2.8	1.9	1.8	1.7	1.9	2.0	0.1	0.3
Euro Area	0.9	1.0	0.8	1.2	1.0	1.2	0.2	0.0
United Kingdom	1.1	1.2	1.1	1.4	1.2	1.4	0.1	0.0
Japan	0.2	0.7	0.6	0.6	0.7	0.5	0.1	-0.1
Emerging Market and Developing Economies	**4.3**	**4.1**	**3.7**	**3.9**	**4.1**	**4.0**	**0.4**	**0.1**
Brazil	3.4	2.3	2.0	2.0	2.3	2.1	0.3	0.1
Russia	4.3	0.9	1.5	0.9	0.9	1.0	-0.6	0.1
India	6.5	6.4	6.2	6.3	6.4	6.4	0.2	0.1
China	5.0	4.8	4.0	4.0	4.8	4.2	0.8	0.2
Sub-Saharan Africa	**4.0**	**4.0**	**3.8**	**4.2**	**4.0**	**4.3**	**0.2**	**0.1**
Nigeria	3.4	3.4	3.0	2.7	3.4	3.2	0.4	0.5
South Africa	0.5	1.0	1.0	1.3	1.0	1.3	0.0	0.0

Source: IMF World Economic Outlook (WEO) April projection and July 2025 update.

Table 2: Monetary Policy Stance of Selected Central Banks

Country	Recent Inflation (%)		Previous (%)		Monetary Policy Rates (%)				
					Current		Previous		Change
WAMZ									
Sierra Leone	6.45	Jul.25	7.10	Jun.25	21.75	Jul.25	23.75	Jun.25	↓2.00
Nigeria	21.88	Jul.25	22.76	Jun.25	27.50	Jul.25	27.50	May.25	0.00
Ghana	12.10	Jul.25	13.70	Jun.25	25.00	Jul.25	28.00	May.25	↓3.00
Guinea	2.20	Apr.25	2.50	Mar.25	10.25	Jun.25	10.25	Mar.25	0.00
Liberia	7.40	Jul.25	9.90	Jun.25	17.25	Jul.25	17.25	Mar.25	0.00
The Gambia	7.50	Jul.25	7.16	Jun.25	17.00	Jun.25	17.00	Mar.25	0.00
Major Economies									
USA	2.7	Jul.25	2.7	Jun.25	4.50	Aug.25	4.50	Jul.25	0.00
China	0.0	Aug.25	0.1	Jul.25	3.00	Aug.25	3.00	Jul.25	0.00
Euro Area	2.1	Aug.25	2.0	Jul.25	2.15	Aug.25	2.15	Jul.25	0.00
UK	3.8	Jul.25	3.6	Jun.25	4.00	Aug.25	4.25	Jul.25	↓0.25

Source: Country Central Banks Via Trading Economics data pool July and August 2025

Table 3: Interest Rates

	2024					2025							
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
91-day Treasury bill rate	21.55	21.53	21.53	0	0	22.84	0	0	0	0	0	0	0
182-day Treasury bill rate	29.22	29.21	29.31	29.36	29.48	29.25	29.16	29.19	29.22	28.71	0	0	14.19
364-day treasury bill rate	41.28	41.28	40.94	41.24	41.28	41.06	41.18	41.22	41.09	36.23	19.71	15.25	16.44
Interbank rate	26.19	26.26	25.50	26.30	25.17	25.17	25.98	26.70	26.68	26.32	26.49	23.59	20.04
Standing Lending Facility	27.25	27.25	27.75	27.75	27.75	27.75	27.75	27.75	27.75	27.75	26.75	23.75	
Standing Deposit Facility	17.75	17.75	18.25	18.25	18.25	18.25	18.25	18.25	18.25	18.25	17.25	14.25	
MPR	24.25	24.25	24.75	24.75	24.75	24.75	24.75	24.75	24.75	24.75	23.75	21.75	
Average Lending rate	21.10	22.27	22.48	23.02	22.90	22.90	22.98	22.98	22.98	22.98	22.98		
Lending (Prime)	20.78-21.42	21.22-23.31	21.49-23.46	22.11-23.92	22.11-23.68	22.11-23.68	22.11-23.85	22.11-23.85	22.11-23.85	22.11-23.85	22.11-23.85		
Savings deposits	2.23	2.23	2.23	2.18	2.28	2.16	2.16	2.16	2.16	2.16	2.16		
Interest rate spread	18.87	20.04	20.25	20.84	20.62	20.74	20.82	20.82	20.82	20.82	20.82		

Source: BSL

Table 4: Monetary Survey

	2024	2025		Quarterly % Change		Yearly % Change	
Millions of Leones	**2024Q2**	**2025Q1**	**2025Q2**	**2025Q1**	**2025Q2**	**2025Q1**	**2025Q2**
Reserve money	**7,979.28**	**9,565.00**	**9,564.94**	**(6.36)**	**(0.001)**	**14.13**	**19.87**
Broad Money (M2)	**27,222.74**	**32,773.91**	**33,480.28**	**2.36**	**2.16**	**19.96**	**22.99**
Narrow money (M1)	**12,287.71**	**15,456.58**	**15,306.23**	**0.03**	**(0.97)**	**24.37**	**24.57**
Currency outside banks	6,094.01	7,640.33	7,362.69	**(3.17)**	**(3.63)**	**22.89**	**20.82**
Demand deposit	6,193.69	7,816.25	7,943.54	**3.37**	**1.63**	**25.85**	**28.25**
Quasi money	**14,935.03**	**17,317.33**	**18,174.05**	**4.53**	**4.95**	**16.28**	**21.69**
o.w. Foreign currency deposit	9,893.59	11,647.68	12,304.08	**3.48**	**5.64**	**15.09**	**24.36**
Time and saving deposit	5,031.26	5,651.90	5,857.26	**7.70**	**3.63**	**18.73**	**16.42**
Net Foreign Asset	**4,318.08**	**4,513.76**	**3,894.46**	**(8.41)**	**(13.72)**	**(1.87)**	**(9.81)**
BSL	(4908.63)	(5551.47)	(6267.65)	**5.91**	**12.90**	**25.51**	**27.69**
ODCs	9226.71	10065.23	10162.11	**(1.03)**	**0.96**	**11.56**	**10.14**
Net Domestic Assets	**22,904.66**	**28,260.15**	**29,585.82**	**4.32**	**4.69**	**24.38**	**29.17**
Net Domestic Credit	**26,887.99**	**35,006.50**	**36,220.21**	**9.11**	**3.47**	**35.99**	**34.71**
Government (Net)	21,864.50	28,133.40	29,074.18	**7.39**	**3.34**	**35.52**	**32.97**
BSL	10237.81	12655.80	12990.64	**4.82**	**2.65**	**25.51**	**26.89**
ODCs	11626.69	15477.60	16083.53	**9.60**	**3.91**	**44.97**	**38.33**
Private Sector Credit	5352.32	7216.11	7473.49	**15.50**	**3.57**	**40.47**	**39.63**
o.w ODC	5326.05	7187.88	7443.25	**15.51**	**3.55**	**40.58**	**39.75**
Other Sectors (Net)*	(328.83)	(343.02)	(327.46)	**(4.23)**	**(4.54)**	**119.94**	**(0.42)**
Other Items (Net)	**-3,983.33**	**-6,746.35**	**-6,634.39**	**35.07**	**(1.66)**	**123.36**	**66.55**
Money Multiplier	**3.41**	**3.43**	**3.50**				

Source: Monetary Policy Department

Table 5: Central Bank Survey

Millions of Leones	2024	2025		Quarterly % Change		Yearly % Change	
	2024Q2	2025Q1	2025Q2	2025Q1	2025Q2	2025Q1	2025Q2
1. Net Foreign Assets	**(4,908.63)**	**(5,551.47)**	**(6,267.65)**	**5.91**	**12.90**	**25.51**	**27.69**
2. Net Domestic Assets	**12,887.90**	**15,116.47**	**15,832.58**	**(2.20)**	**4.74**	**18.06**	**22.85**
Government Borrowing (net)	**10,237.81**	**12,655.80**	**12,990.64**	**4.82**	**2.65**	**25.51**	**26.89**
o.w.: Securities	5,680.23	6,522.67	6,672.65	**3.37**	**2.30**	**23.17**	**17.47**
Ways and Means	389.50	519.79	544.26	**56.59**	**4.71**	**11.07**	**39.73**
GoSL/IMF Budget financing	4,177.47	5,230.59	5,230.59	**-**	**-**	**25.21**	**25.21**
GoSL/WB Budget financing	-	-	129.73				
3. Reserve money	**7,979.28**	**9,565.00**	**9,564.94**	**(6.36)**	**(0.001)**	**14.13**	**19.87**
o.w.: Currency issued	6,861.59	8,328.55	8,337.69	**(4.92)**	**0.11**	**21.52**	**21.51**
Bank reserves	1,107.50	1,218.71	1,214.54	**(12.43)**	**(0.34)**	**(19.59)**	**9.67**

Source: Monetary Policy Department